March 5, 2015

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

THE DINNER MEETING SCHEDULED ON WEDNESDAY, MARCH 11, IS CANCELED.

THURSDAY, MARCH 12, 2015

The Board meets at UW Bothell

8:30 to 11:25 a.m.  
Rose Room  
Founders Hall, UW1-280  
UW Bothell  
FINANCE AND ASSET MANAGEMENT COMMITTEE: Regents Shanahan (Chair), Blake, Harrell, Smith

*11:40 a.m. to 12:40 p.m.  
Rose Room  
Founders Hall, UW1-280  
UW Bothell  
ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regents Jaech (Chair), Brown, Rice, Riojas, Simon

*12:40 to 1:30 p.m.  
Third Floor Vista  
Founders Hall UW1  
UW Bothell  
LUNCH FOR REGENTS AND OTHER INVITED GUESTS

1:30 p.m.  
Rose Room  
Founders Hall, UW1-280  
UW Bothell  
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.
Approval of Minutes of Committee Meeting on February 12, 2015

COMMITTEE ACTION

1. Actions Taken Under Delegated Authority
   Todd Timberlake, Chief Real Estate Officer

INFORMATION F–1

   Keith Ferguson, Chief Investment Officer, Treasury Office

INFORMATION F–2

3. Semi-Annual Debt Report
   Chris Malins, Associate Vice President, Treasury Office
   Alana Askew, Assistant Treasurer, Treasury Office

INFORMATION F–3

4. UW One Capital Plan and Debt Capacity Update
   Paul Jenny, Senior Vice President, Planning and Management
   Chris Malins, Associate Vice President, Treasury Office
   Robert Stickney, Interim Associate Vice President, Capital Projects Office

INFORMATION F–4

5. Debt Management Annual Report
   Chris Malins, Associate Vice President, Treasury Office
   Bill Starkey, Senior Associate Treasurer, Treasury Office

INFORMATION F–5

6. West Campus Utility Plant – Approve Budget Adjustment and Increase in Internal Lending Program Authorization
   John Palewicz, Director, Strategic Programs, Capital Projects Office
   Charles Kennedy, Associate Vice President, Facilities Services
   John Chapman, Director, Campus Engineering and Operations

ACTION F–6

   Connie Kravas, Vice President, University Advancement
   Walt Dryfoos, Associate Vice President, Advancement Services, University Advancement

INFORMATION F–7

8. 2015-16 Student Housing and Dining Fee Rate Approval at UW Seattle

ACTION F–8
9. **2015-16 Student Housing Rate Approval at UW Bothell**  
   *Wolf Yeigh*, Chancellor and Professor, UW Bothell  
   *Chelsea Knodel*, Housing and Food Services Manager, UW Bothell  

   **ACTION** F–9

10. **Efficiencies Item – UW Real Estate Office**  
    *Jeanette Henderson*, Executive Director, UW Real Estate  

   **INFORMATION** F–10

11. **Audit Advisory Committee Update**  
    *Kristi Blake*, Audit Advisory Committee Chair, Regent  

   **INFORMATION** F–11

12. **Sustainability Engagement at the University of Washington**  
    *Anthony Guerrero*, Associate Vice Chancellor for Facilities Services, UW Bothell  
    *Claudia Frere-Anderson*, Director, UW Sustainability  
    *Laurel Louise Baum*, Junior, BS Environmental Science, UW Bothell  
    *Caileigh Grace Shoot*, Senior, BS, Environmental Science and Terrestrial Resource Management, College of the Environment  
    *Emily Ann Clarkson*, Senior, BA, Business Administration (Finance) & BS, Political Science (Political Economy), Foster School of Business and College of Arts and Sciences  
    *An Xuan Huynh*, Senior, BA, Community, Environment, & Planning, College of Built Environments  

   **INFORMATION** F–12

13. **Divest UW Presentation on Coal Divestment**  
    *Angela Feng*, Senior, Program on the Environment  
    *Mary Herman*, Senior, Geography  
    *Georges “Alex” Lenferna*, Graduate Student, Philosophy  
    *Sarra Tekola*, Senior, Environmental Science and Terrestrial Resource Management  

   **INFORMATION** F–13

14. **Approve Amendment to University of Washington 401(a) Plan for Selected Employees**  
    *Kathleen Dwyer*, Executive Director, Benefits Office  

   **ACTION** F–14

15. **Executive Session**  
    (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; and to discuss with legal counsel representing the University, litigation or potential litigation to which the University is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the University.)

16. **Other Business**
UNIVERSITY OF WASHINGTON
BOARD OF REGENTS

Academic and Student Affairs Committee
Regents Jaech (Chair), Brown, Rice, Riojas, Simon

March 12, 2015
11:40 a.m. to 12:40 p.m.
Rose Room, Founders Hall, UW1-280, UW Bothell

Approval of Minutes of Committee Meeting on February 12, 2015

COMMITTEE ACTION

1. Academic and Administrative Appointments
   Ana Mari Cauce, Interim President

2. Graduate Certificate in Developmental Disabilities in the Center on Human Development and Disability
   Rebecca Aanerud, Associate Dean, The Graduate School
   Michael Guralnick, Ph.D., Professor, Psychology and Pediatrics and IPC Co-Chair
   Beth Ellen Davis, M.D., Clinical Professor, Pediatrics and IPC Co-Chair
   Susan Wendel, M.S., OTR/L, Associate Director, UW LEND

3. Assessment of Undergraduate Satisfaction and Engagement at UW Bothell
   Wolf Yeigh, Chancellor and Professor, UW Bothell
   Russell Glenn Cannon, Director of Institutional Research, UW Bothell
   David Edwards, Senior, Law, Economics and Public Policy; School of IA&S Director of Business Operations, ASUWB
   Robby Shaffer, Junior, Mechanical Engineering, School of STEM, UW Bothell
   Zynia Chapman, Sophomore, Environmental Science and Community Psychology, School of IA&S, UW Bothell

4. Diversity and Campus Climate at the University of Washington Bothell
   Wolf Yeigh, Chancellor and Professor, UW Bothell
   Terryl Ross, Director of Diversity, UW Bothell
   Wayne Au, Associate Professor, School of Educational Studies, UW Bothell and Chair, UW Bothell Diversity Council
   Scott Kurashige, Professor, School of Interdisciplinary Arts and Sciences, UW Bothell and Senior Advisor to the Vice Chancellor for Academic Affairs on Faculty Diversity and Initiatives
   Jacquelyn Julien, Senior, Society, Ethics & Human Behavior, School of IA&S, UW Bothell

INFORMATION

A–1
A–2
A–3
A–4
Joseph Shadwick, Senior, Business Administration; School of
Business, UW Bothell and President, UW Bothell Student
Veterans Association

5. Other Business
AGENDA
BOARD OF REGENTS
University of Washington

March 12, 2015
1:30 p.m.
Rose Room, Founders Hall, UW1-280, UW Bothell

I. CALL TO ORDER

II. ROLL CALL: Assistant Secretary Shelley Tennant

III. CONFIRM AGENDA

IV. PUBLIC COMMENT PERIOD

V. BOARD ITEMS
Legislative and Budget Update (Information only)  B–1
  Randy Hodgins, Vice President, External Affairs
  Sarah Hall, Assistant Vice Provost, Planning & Budgeting

Resolution of Appreciation to Michael K. Young (Action)  B–2
  Bill Ayer, Chair, Board of Regents

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

VII. REPORT OF THE UNIVERSITY PRESIDENT: Interim President Cauce

VIII. CONSENT AGENDA
Approval of Minutes of the Special Meeting on February 5, 2015

Approval of Minutes of Meeting on February 12, 2015

Graduate Certificate in Developmental Disabilities in the Center on Human Development and Disability  A–2

West Campus Utility Plant – Approve Budget Adjustment and Increase in Internal Lending Program Authorization  F–6
IX. STANDING COMMITTEES

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

Academic and Administrative Appointments (Action) A–1
Assessment of Undergraduate Satisfaction and Engagement at UW Bothell (Information only) A–3
Diversity and Campus Climate at the University of Washington Bothell (Information only) A–4

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

Actions Taken Under Delegated Authority (Information only) F–1
Investment Performance Quarterly Report – Quarter Ended December 31, 2014 (Information only) F–2
Semi-Annual Debt Report (Information only) F–3
UW One Capital Plan and Debt Capacity Update (Information only) F–4
Debt Management Annual Report (Information only) F–5
University Advancement Benchmarking Annual Report (Information only) F–7
Efficiencies Item – UW Real Estate Office (Information only) F–10
Audit Advisory Committee Update (Information only) F–11
Sustainability Engagement at the University of Washington (Information only) F–12
Divest UW Presentation on Coal Divestment (Information only) F–13

X. REPORTS TO THE BOARD

Faculty Senate Chair – Professor Kate O’Neill

Student Leaders:
ASUW President – Ms. Christina Xiao
GPSS President – Ms. Alice Popejoy
ASUW Tacoma President – Ms. Jocelyn Patterson
ASUW Bothell President – Mr. James Anderson
Alumni Association President – Dr. Roy Diaz

XI. DATE FOR NEXT REGULAR MEETING: Thursday, April 9, 2015

XII. EXECUTIVE SESSION
(To evaluate the qualifications of an applicant for public employment or to review the performance of public employees, and to discuss with legal counsel representing the University, litigation or potential litigation to which the University is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the University.)

XIII. ADJOURN
The Board of Regents held its regular meeting on Thursday, March 12, 2015, beginning at 1:30 p.m. in the Rose Room at UW Bothell. The notice of the meeting was appropriately provided to the public and the media.

CALL TO ORDER

Regent Ayer called the meeting to order at 1:30 p.m.

On behalf of the Regents, he thanked UW Bothell for its hospitality, and said Regents enjoyed visiting with everyone during lunch. Regents look forward to hearing from Chancellor Yeigh later in the meeting with an update on the campus.

ROLL CALL

Assistant Secretary Tennant called the roll: Present were Regents Ayer (chairing), Blake, Harrell, Jaech, Rice (by telephone), Riojas, Brown, Shanahan, and Simon; President Cauce, Provost Baldasty, Ms. Warren, Ms. Goldblatt; ex officio representatives: Professor O’Neill, Ms. Popejoy, and Ms. Xiao.

Absent: Regent Smith, Dr. Diaz

CONFIRM AGENDA

The agenda was confirmed as presented.

PUBLIC COMMENT PERIOD

Regent Ayer announced the Board would receive comments from the public. This segment of the meeting is meant to give Board members a chance to hear directly from the public on any subject pertaining to the University. He noted that while the Board was pleased to have the opportunity to listen to any comments offered and consider them in its decision-making, the Board was not in a position to directly act on the comments or provide a response. Any Board member who would like additional information would make that request through staff following the meeting.
Regents heard comments on the following topics from four people who signed up in advance:
1) An alumnus and member of the community encouraged the University to support the student proposal to divest the consolidated endowment fund from coal companies.
2) A community member discouraged the Regents from holding the Board Retreat at Cedarbrook Lodge on April 9.
3) A community member advocated for the inclusion of the affordable housing fund in UW’s development of the Metropolitan Tract in downtown Seattle.
4) A community member regarding the participation of minority and women contractors in UW capital projects, and requesting a disparity study.

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

BOARD ITEMS

**Legislative and Budget Update** (Information only) (Agenda no. B–1)

Randy Hodgins, Vice President of External Affairs, and Sarah Hall, Assistant Vice Provost of Planning & Budgeting, provided an update from the state legislature and on the budget process. Mr. Hodgins thanked the Regents who participated in the recent UW Regents Day in Olympia, saying it was very effective. President Cauce also recently went to Olympia making her first “official” visit as President. An upcoming “Regents and Trustees Day” in Olympia will include Board members from state higher education institutions. There are many other UW-related legislative visits and meetings planned.

One bill of concern for the University is a proposal which would result in a reduction in in-state resident tuition for public universities by tying resident undergraduate tuition rates to state median income. UW tuition would be lower by about 33%, which is great for students, but it lacks a mechanism to make up the difference with public investment.

See Attachment B–1.

**Resolution of Appreciation to Michael K. Young** (Action) (Agenda no. B–2)

Regent Ayer asked the Regents to consider a Resolution of Appreciation to Michael K. Young, who left UW to become the President of Texas A&M. He thanked President Young for his service and wished him well. Regent Ayer read the Resolution then called for a vote.

**MOTION:** Upon the recommendation of the Board Chair and the motion made by Regent Simon, seconded by Regent Riojas, the Board voted unanimously to approve the Resolution of Appreciation to Michael K. Young.

See Attachment B–2.
REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Ayer

Regent Ayer reminded everyone that this was Ana Mari’s first board meeting as President, and her second week in the position, after a very impressive start. President Cauce spent her first day on the job in Spokane, where she met with community members about medical education. On Friday of her first week she traveled to Olympia to meet with legislators. It was an amazing feat to be on both sides of the Cascades and in the state capitol, all during her first week. She recently held a Town Hall meeting as Provost, and was featured in an interview on KUOW. He congratulated Dr. Baldasty for his appointment to Interim Provost and said the Regents look forward to working with him.

The search for a University President will begin soon. Regents look forward to an inclusive and deliberate process. The first steps will include appointing a search advisory committee, selecting an executive search firm/search consultant, and conducting outreach to hear from the UW community (students, faculty, staff, and alumni) about the selection criteria they think should be used to select the next University President. The Board plans to keep everyone informed of the process as it moves forward. Meanwhile, Regent Ayer said, the University is in extraordinarily capable hands.

Regent Ayer thanked the Regents who traveled to Olympia last week to meet with legislators about the University’s challenges and opportunities. He feels progress is being made. While there, the main issues were:
- Funding for higher education and expanded enrollment in Computer Science & Engineering;
- Medical education in Spokane;
- Capital investments – including Computer Science & Engineering and Life Sciences Buildings.

Regent Ayer offered his special thanks and recognition to UW’s Office of State Relations: Randy Hodgins, Genesee Adkins, Patrick Bell, and Marissa Ingalls. This team is well-regarded in Olympia. He thanked Regent Herb Simon for chairing the Governmental Affairs Advisory Committee, and putting together a stellar, and highly regarded, committee.

Later in the afternoon, the University community will celebrate the grand opening and ribbon-cutting for the longhouse-style Intellectual House. Its official name is wǝɫǝbʔaltxʷ (wah-sheb-altuh). The celebration will continue with an annual tribal summit, when tribal and UW leaders will gather to discuss issues of importance to indigenous communities. Regents plan to attend, along with the President and Provost.

Directly following the Board meeting Regents are invited for a brief tour of Discovery Hall, featuring the Digital Future Lab and a 3-D printing lab. Discovery Hall opened in the fall of 2014 and is home to the UW Bothell School of Science, Technology, Engineering and Mathematics. The $68 million building accommodates more than 1,000
students. Discovery Hall is the first building to be constructed on the UW Bothell campus in 10 years.

Regent Ayer invited President Cauce to provide a report to the Board.

REPORT OF THE UNIVERSITY PRESIDENT: President Cauce

President Cauce thanked the Regents for the confidence they have placed in her to lead the University.

She plans to focus on three top priorities:
1. Legislative agenda and the capital and operating budgets;
2. UW Medicine in Spokane;
3. Building philanthropic support and relationships (friend-raising and fund-raising).

During her first week as Interim President she traveled to Spokane, where she met with the Mayor, members of the business community, and the President of Gonzaga University. While in Olympia, she met with Governor Inslee, state legislators, and legislative interns.

The UW’s strategic focus is represented by four pillars: student experience, innovation imperative, public promise and global research impact. The President highlighted recent events which reinforce UW’s commitment to these pillars.

Student Experience
Last week, President Cauce and Provost Baldasty had the honor to meet the current student medalist recipients and present their awards. Recipients represent the breadth of study from art to public health to neurobiology majors.

Public Promise
Washington Monthly ranked the University of Washington first in their “Best Bang for the Buck” in the West college rankings. The UW is the top school with regard to the best value based on a variety of factors, including “net” (not sticker) price, how well it does graduating the students it admits, and whether those students go on to earn at least enough to pay off their loans.

Out of the 233 schools in the rankings, all three UW campuses were in the top 25, with UW Bothell ranked #13 and UW Tacoma #22.

Innovation Imperative
Last week, CoMotion opened the doors to its new MakerSpace in Fluke Hall.

Global Research Impact
According to the graduate school ranking in U.S. News & World Report, the UW again ranked as the number one primary care medical school and continues to lead the nation in rural medicine and family medicine specialties. Seven other health and medicine schools
and programs rank in the top five, including: Nursing, Clinical Psychology, Library, Education, Public Affairs, Statistics, and Computer Science.

President Cauce invited the meeting attendees to turn their focus to UW Bothell, saying it is a pleasure meet on the Bothell campus and she offered special thanks to Chancellor Yeigh for hosting. The last time the Regents met in Bothell was March 2013, six months before Chancellor Yeigh began his inspiring leadership. Chancellor Yeigh is doing a fantastic job instilling UW’s pillars across this campus. She invited him to address the Board.

Chancellor Yeigh said Regents heard from Bothell students, faculty, and staff during the academic and student affairs committee about things that are being done well at UW Bothell and some of the challenges faced by the campus. He showed a brief video and slides, which are attached to these minutes. The Bothell campus is changing with the construction of the student activities center, newly constructed Discovery Hall, and the installation of new solar panels. Campus enrollment has grown from 1500 students ten years ago to the current enrollment of 5000 students. UW Bothell is the fourth fastest growing public university in the country, and the fastest growing post-secondary educational institution of any type in the state of Washington.

The slides provided a virtual tour. Discovery Hall opened in the fall of 2014, featuring a “Collaboratory” designed to foster collaboration. The Hall has 14 labs, 430 classroom seats, and 250 lab seats. A student activities center is under construction. This $19.7 million student funded facility is known as the Activities and Recreation Center (ARC) and is expected to open in fall of 2015. A “W” was installed in the new plaza, demonstrating UW Bothell is part of the Husky family. UW Bothell is excited to celebrate its 25th anniversary this year. As the campus matures, it is being recognized in national rankings for delivering access, affordability, and quality. The Chancellor commented on diversity at UW Bothell, citing the campus student body as one of the most diverse in the nation. The majority of students are the first in their families to attend college. Two-thirds of undergraduates are first generation, come from low income families, or are from under-represented groups. He said the campus wants to do more and wants to do better. They are hosting events to recruit new students and encourage diversity.

CONSENT AGENDA

Regent Ayer noted there were seven 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, seconded by Regent Blake, the Board voted to approve the seven items on the consent agenda as shown below:

Minutes for the Special Meeting on February 5, 2015

Minutes for the meeting on February 12, 2015
Graduate Certificate in Developmental Disabilities in the Center on Human Development and Disability (Agenda no. A–2)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Interdisciplinary Developmental Disability Group to offer the Graduate Certificate in Developmental Disabilities, effective Autumn Quarter 2015. The graduate certificate program will have provisional status with a review to be scheduled for the 2020-2021 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

See Attachment A–2.

West Campus Utility Plant – Approve Budget Adjustment and Increase in Internal Lending Program Authorization (Agenda no. F–6)

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

1. A project budget adjustment from $30.5 million to $36.2 million; and
2. An increase in the Internal Lending Program authorization of $5.5 million, from $23 million to $28.5 million

See Attachment F–6.

2015-16 Student Housing and Dining Fee Rate Approval at UW Seattle (Agenda no. F–8)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve the proposed 2015–16 student housing and dining rates for the University of Washington Seattle, making the proposed rates effective July 1, 2015.

See Attachment F–8.

2015-16 Student Housing Rate Approval at UW Bothell (Agenda no. F–9)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve the proposed 2015–16 bed rates for student housing, within the University of Washington Bothell Housing & Residential Life program, making the proposed rates effective July 1, 2015.

See Attachment F–9.

Approve Amendment to University of Washington 401(a) Plan for Selected Employees (Agenda no. F–14)
It was the recommendation of the administration and the Finance and Asset Management 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 in the attached item.

See Attachment F–14.

STANDING COMMITTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Jaech, Chair

At the request of Regent Jaech, President Cauce highlighted the appointment of Jerry Baldasty as Interim Provost.

Academic and Administrative Appointments (Agenda no. A–1) (Action)

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

See Attachment A–1.

Assessment of Undergraduate Satisfaction and Engagement at UW Bothell (Agenda no. A–3) (Information only)

See Attachment A–3.

Diversity and Campus Climate at the University of Washington Bothell (Agenda no. A–4) (Information only)

See Attachment A–4.

Regent Jaech observed the two information items had common elements. In both items Regents discovered there are a number of studies and surveys to measure performance of the UW Bothell campus for students, faculty, and staff. The reports presented good measurements, but there is work to be done. Regents learned about the difficulties of creating community around a campus that is largely commuter focused and smaller in scale and that there is a clear correlation between the ability to stay on campus (working, living, researching, and student activities) and having a better experience.

FINANCE AND ASSET MANAGEMENT COMMITTEE: Regent Shanahan, Chair

Regent Shanahan observed the agenda-planning process is improving, and thanked President Cauce and Regent Ayer for their support of the process. The organization of the material presented to the Regents is getting better each time. He reported on the Committee comprehensively, saying they “covered a lot of material.” He recognized
progress in different areas. There was a positive dialogue about the capital plan in which possible “asks” far outweigh the available funding. The One Capital Plan aligns everyone to one plan and one list, helping to identify a process that’s more efficient and offering a view of alternatives to utilization of the assets. He praised the transparency and called it encouraging. Debt Management freed up $75 million which demonstrates the unit’s outreach and professionalism. The west campus upgrade was forward-thinking to allow flexibility in sustainability and leverage future growth. He praised the great report from University Advancement which showed how the funds support campus. Advancement was termed an amazing asset and one of the stronger programs benchmarked against its peers, while it looks at ways to do better. Regents approved student housing rates at UW Seattle and UW Bothell, both with a zero percent increase. They heard about the amazing work of the real estate group, comprised of a small team of people, working efficiently, and operating all around the world. He thanked Kristi Blake for her diligence on the Audit Advisory Committee, dealing with complicated and important issues. Regent Shanahan said the discussions about sustainability and divestment were “meaty,” thought-provoking, and a good use of the Board’s time.

**Actions Taken Under Delegated Authority** (Agenda no. F–1) (Information only)

See Attachment F–1.

**Investment Performance Quarterly Report – Quarter Ended December 31, 2014**
(Agenda no. F–2) (Information only)

See Attachment F–2.

**Semi-Annual Debt Report** (Agenda no. F–3) (Information only)

See Attachment F–3.

**UW One Capital Plan and Debt Capacity Update** (Agenda no. F–4) (Information only)

See Attachment F–4.

**Debt Management Annual Report** (Agenda no. F–5) (Information only)

See Attachment F–5.

**University Advancement Benchmarking Annual Report** (Agenda no. F–7)
(Information only)

See Attachment F–7.

**Efficiencies Item – UW Real Estate Office** (Agenda no. F–10) (Information only)

See Attachment F–10.
Audit Advisory Committee Update (Agenda no. F–11) (Information only)

See Attachment F–11.

Sustainability Engagement at the University of Washington (Agenda no. F–12) (Information only)

See Attachment F–12.

Divest UW Presentation on Coal Divestment (Agenda no. F–13) (Information only)

See Attachment F–13.

REPORTS TO THE BOARD OF REGENTS

Regent Ayer invited James Anderson, ASUW Bothell President and Jocelyn Patterson, ASUW Tacoma President, to join the Regents at the Board table.

Faculty Senate Chair: Professor Kate O’Neill

Professor O’Neill’s remarks are attached to these minutes.

ASUW Bothell President: Mr. James Anderson

Mr. Anderson welcomed the Board to the UW Bothell campus. He described some of the projects ASUWB is working on:

- ARC construction project. ASUW Bothell held an open forum to educate students about the project and provide an opportunity for students to ask questions about the facility and describe what features they might like in the building.
- Campus safety. Created a meeting series called “Donuts and Dialogue” to build rapport between campus security and students.
- Food on campus. The food truck program is working with Housing and Food Services to build a sustainable structure and add value, and to locate tables by the food trucks to support a sense of community.
- Parking. Looking at building a new surface lot behind Discovery Hall. Added lighting to create a better experience for students.
- Sustainability. Campus wetlands, green labs, and sustainability-related research were featured in reports to the Board. Students are working with the administration to encourage the creation of a campus garden.
- Diversity. Conversations about diversity have gained momentum on campus. Students recently held a robust dialogue about diversity. This challenges the student government to consider actions which should be taken to better serve students, including the creation of a student diversity council.
Mr. Anderson thanked the Board for their time, for listening, and for being strong advocates of the UW Bothell campus.

**ASUW President**: Ms. Christina Xiao

Ms. Xiao reported ASUW will be advocating for state funding in Olympia for a new Life Sciences Building. A group of pre-med students went to Olympia to lobby on behalf of WWAMI. Students are aware that a tuition freeze or reduction without state investment is harmful to students and to the university by decreasing the access students have to core academic needs, including student services. A recent initiative encouraged students to complete their FAFSA. ASUW is currently producing a “Real Dawgs Take Action” video through ASUW’s sexual assault and relationship violence activist entity. Students held a protest around the “Black Lives Matter” movement. Students, she said, are leaders in diversity, environmentalism, and sexual assault and relationship violence prevention, and are challenging inequality in society. Actions of past student leaders in the area of affordability will empower future students to do more on these issues.

**GPSS President**: Ms. Alice Popejoy

Ms. Popejoy reported an unprecedented number of 80 senators attended the mid-quarter GPSS Senate meeting, demonstrating the desire of graduate students to be involved and be a part of a community. Internally, GPSS is funding a new officer position, an internal vice president to support the duties of the president on campus. GPSS created an ad hoc committee on evaluation of criteria for the creation of fee-based programs.

GPSS passed three resolutions in last month:
1) Support for open source text books and recognition for faculty efforts to make textbooks more affordable for students;
2) Urging UW to develop on-site childcare centers and to support childcare access;
3) Advocating for fair labor practices in School of Social Work practicums.

**ASUW Tacoma President**: Ms. Jocelyn Patterson

Ms. Patterson reported ASUW Tacoma is beginning its election season. The student senate is increasing from 16 to 27 members, with a new structure based on departmental representation. They hope to move toward a college council model, which would create an opportunity for faculty and students to work together. A group that encouraged a smoke-free campus is now supporting a year-long education campaign. The campus installed five new smoking locations that no longer block ADA ramps and have proper receptacles. A goal of the group is to bring awareness to the tobacco quitting and counseling services provided by the Health and Wellness office, and staff and to educate campus faculty, staff, and students on the health effects of vape pens.

ASUW Tacoma’s legislative agenda has a focus on tuition and funding. Transportation is also an important issue on this mainly commuter campus.

Last month ASUWT’s admissions team visited eighteen South Sound high schools that are part of the Pathways to Promise program.
**Alumni Association President:** Dr. Roy Diaz

Dr. Diaz did not attend the meeting.

**DATE FOR NEXT MEETING**

The Board will hold a planning retreat on Thursday, April 9, 2015. The next regular meeting of the Board will be on Thursday, May 14, 2015, on the Seattle campus.

**EXECUTIVE SESSION**

Regent Ayer announced the Board would hold an executive session to evaluate the qualifications of an applicant for public employment or to review the performance of public employees, and to discuss with legal counsel representing the University, litigation or potential litigation to which the University is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the University.

Upon returning to open session, the Board took action to appoint an advisory work group on the presidential search, consisting of Regents Bill Ayer, Kristi Blake, and Jeremy Jaech.

**Appoint Advisory Work Group on Presidential Search** (Agenda no B–3) (Action)

Regent Ayer asked the Board to consider appointing a Regental work group to advise and recommend to the Board:
1. The chair whom the Board should appoint to lead the Presidential Search Advisory Committee;
2. The overall composition of this Search Advisory Committee, including the total number of committee members, groups to be represented, and individual committee members as appropriate;
3. The general structure, steps, and timeline for the search process; and
4. A letter or other instrument charging and establishing the Presidential Search Advisory Committee and its responsibilities.

This is intended to be a short-term work group.

**MOTION:** Upon the recommendation of the administration and the motion made by Regent Ayer, seconded by Regent Simon, the Board voted to approve the formation of an Advisory Work Group on the Presidential Search. Regent Brown abstained.

See Attachment B–3.
ADJOURNMENT

The regular meeting was adjourned at 3:45 p.m.

______________________________
Joan Goldblatt
Secretary of the Board of Regents

Approved at the meeting of the Board on April 9, 2015.
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

Administration
Office of the Provost
Baldasty, Gerald Joseph
Interim Provost, effective 3/3/2015
Continuing Appointments:
• Professor, Communication
• Adjunct Professor, American Ethnic Studies
• Adjunct Professor, Gender, Women, and Sexuality Studies
• Vice Provost, Office of the Provost
Degrees:
• PhD, 1978, University of Washington
• MA, 1974, University of Wisconsin (Madison)
• BA, 1972, University of Washington

School of Pharmacy
Department of Pharmacy
Chan, Ling Tak-Neander
Acting Chair, Pharmacy, effective 3/1/2015
Continuing Appointment:
• Associate Professor, Pharmacy
Degrees:
• PharmD, 1996, University of Washington
• Bachelor Of Pharmacy, 1994, Northeastern University
• BS, 1994, Northeastern University

ENDOWED APPOINTMENTS

College of Arts and Sciences
School of Art
Casteras, Susan P.
American Art History Endowed Professorship, effective 1/1/2015
Continuing Appointment:
• Professor, Art
Degrees:
• PhD, 1977, Yale University
• MPHIL, 1975, Yale University
• MA, 1973, Yale University
• BA, 1971, Vassar College
School of Medicine
Department of Anesthesiology and Pain Medicine
Sharma, Deepak
Virginia & Prentice Bloedel Professorship, effective 7/1/2015
Continuing Appointments:
- Professor without Tenure, Anesthesiology and Pain Medicine
- Professor without Tenure, Neurological Surgery
Degrees:
- MD, 2003, University of Rajasthan
- Bachelor of Medicine, Bachelor of Surgery (MB BS), 1997, University of Rajasthan

Department of Bioengineering
Giachelli, Cecilia Maria
Hunter And Dorothy Simpson Endowed Chair In Bioengineering, effective 2/1/2015
Continuing Appointments:
- Professor, Bioengineering
- Acting Chair, Bioengineering
- Adjunct Professor, Oral Health Sciences
- Adjunct Professor, Pathology
Degrees:
- PhD, 1987, University of Washington
- BS, 1982, University of California (Davis)

Department of Rehabilitation Medicine
Johnson, Kurt Lewis
Nancy and Buster Alvord Endowed Professorship in Multiple Sclerosis, effective 7/1/2015
Continuing Appointment:
- Professor without Tenure, Rehabilitation Medicine
Degrees:
- PhD, 1984, University of Wisconsin
- MED, 1979, University of Washington
- BS, 1978, University of Washington
NEW APPOINTMENTS

School of Dentistry
Department of Restorative Dentistry

Sorensen, John Alan

Professor, Restorative Dentistry, effective 10/1/2014
Prior UW Appointment:
  • Acting Professor, Restorative Dentistry

Degrees:
  • PhD, 1997, University of Copenhagen (Denmark)
  • DMD, 1980, Tufts University
  • BA, 1977, University of Oregon

College of Education
College of Education

Rogers, Leoandra Onnie

Research Assistant Professor, Education, effective 1/16/2015
Prior UW Appointment:
  • Research Associate, Arts and Sciences

Degrees:
  • PhD, 2012, New York University
  • BA, 2004, University of California (Los Angeles)

College of Engineering
Department of Computer Science and Engineering

Smith, Noah Ashton

Associate Professor, Computer Science and Engineering, effective 9/1/2015
Prior UW Appointment:
  • Affiliate Associate Professor, Computer Science and Engineering

Degrees:
  • PhD, 2006, Johns Hopkins University
  • MS, 2004, Johns Hopkins University
  • BA, 2001, University of Maryland
  • BS, 2001, University of Maryland

Department of Electrical Engineering

Hajishirzi, Hannaneh

Research Assistant Professor, Electrical Engineering, effective 1/2/2015

Degrees:
  • MSC, 2011, University of Illinois (Urbana)
  • PhD, 2011, University of Illinois (Urbana)
  • BS, 2003, Sharif University of Technology (Iran)
**Information School**

**Freeman, Michael K.**

Lecturer, Full-time, Information School, effective 2/16/2015

Degrees:
- MPH, 2013, University of Washington
- BA, 2010, Colorado College

**School of Medicine**

**Department of Anesthesiology and Pain Medicine**

**Wu, Jiang**

Assistant Professor without Tenure, Anesthesiology and Pain Medicine, effective 2/1/2015

Degrees:
- MD, 1997, Norman Bethune University (China)
- MMSc, 1997, Norman Bethune University (China)

**Department of Biomedical Informatics and Medical Education**

**Mooney, Sean David**

Professor without Tenure, Biomedical Informatics and Medical Education, effective 2/1/2015

Degrees:
- PhD, 2001, University of California (San Francisco)
- BS, 1997, University of Wisconsin (Madison)

**School of Public Health**

**Department of Health Services**

**Wong, Edwin Suey**

Research Assistant Professor, Health Services, effective 2/1/2015

Degrees:
- PhD, 2010, University of Washington
- MA, 2008, University of Washington
- BS, 2004, Texas Christian University
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Developmental Disabilities in the Center on Human Development and Disability

RECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents grant authority to the graduate faculty of the Interdisciplinary Developmental Disability Group to offer the Graduate Certificate in Developmental Disabilities, effective Autumn Quarter 2015. The graduate certificate program will have provisional status with a review to be scheduled for the 2020-2021 academic year. At such time that continuing status is granted, a ten-year review cycle would begin.

BACKGROUND

On January 21, 2015, the Graduate School received a full proposal from the Graduate Faculty in the Interdisciplinary Program Committee on Developmental Disabilities, located administratively in the Graduate School, requesting authority to offer the Graduate Certificate in Developmental Disabilities. The proposed timeline for implementation of the Graduate Certificate program is Autumn Quarter 2015.

The 15-credit Graduate Certificate in Developmental Disabilities will prepare graduate students in health, behavioral, educational and related programs to acquire interdisciplinary training and skill development in developmental disabilities across the lifespan. The targeted population includes post-baccalaureate professionals, as well as federal and state level program staff who provide services to individuals with developmental disabilities, to gain advanced training in the field of developmental disabilities.

Extensive progress has been made in the field of developmental disabilities over the past few decades. The graduate certificate program will address the existing need for an integrated quality inter-professional workforce to support individuals with developmental disabilities and their families. An evolving disability-oriented system, at federal and state levels, is demanding new workplace skills and leadership. Over 90% of individuals with developmental disabilities, including those with Autism Spectrum Disorders (ASD), survive their 20th birthdays. Thus, a workforce knowledgeable and competent to care for and support adults with developmental disabilities is critically needed.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Graduate Certificate in Developmental Disabilities in the Center on Human Development and Disability (continued p. 2)

The graduate certificate curriculum is strengthened by the interdisciplinary graduate faculty group’s collaborative relationship with the UW Leadership Education in Neurodevelopmental and Related Disabilities Program (UW LEND), a long-standing federally funded graduate training program at the University of Washington.

The Graduate School Council met on March 5, 2015, to discuss the Graduate Certificate in Developmental Disabilities proposal. The Council recommended that the proposal be forwarded to the Board of Regents for final approval. The Vice Provost and Dean of the Graduate School concurred with this recommendation.

The Vice Provost and Dean of the Graduate School and the Provost have reviewed and approved the recommendation to approve the Graduate Certificate in Developmental Disabilities.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Assessment of Undergraduate Satisfaction and Engagement at UW Bothell

For information only.

BACKGROUND

UW Bothell’s commitment to transformational learning experiences is embedded in its core values and its interdisciplinary, experiential approach to learning. Students engage in a wide variety of integrative, high-impact experiences both inside and outside of the classroom, designed to build a foundation for meaningful lives and rewarding careers. These include the Discovery Core first-year curriculum, undergraduate research, study abroad, internships, capstone courses, community-based learning and research, leadership development and more.

In addition to the robust assessments of student learning that take place at the campus and School level, UW Bothell pays close attention to assessments of student experiences. Given our campus’s extensive growth, expanding program offerings, diverse student body, and emphasis on supporting all students through graduation, we have sought to use assessment to better understand the satisfaction, behavior, and beliefs of students throughout their trajectory. Our newly developed survey calendar and selected findings from completed analysis are summarized below.

- **Admitted Student Questionnaire** (Summer) [n=899, 33% Response Rate]
  Administered annually to all admitted students; focus on acceptance decision
  - When admitted students were asked to compare UW Bothell to other schools that they seriously considered attending, students’ top reasons for choosing UW Bothell were UW Bothell’s “personal attention to students,” “campus safety,” “academic reputation,” and “campus visit experience”

- **New Student End-of-Quarter Survey** (Autumn) [n=398, 32% Response Rate]
  Administered annually to new 1st-years and transfers; focus on retention
  - Challenges
    - 57% reported at least moderate challenges from family obligations
    - 52% reported at least moderate challenges from work obligations
  - High Impact Practices
    - 50% plan to participate in a club (First-Years: 58%; 1st Gen/Pell: 60%)
    - 58% plan to work on a professor’s research project (1st Gen/Pell: 64%)
    - 70% plan to seek tutoring help in specific courses
  - General Satisfaction
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Assessment of Undergraduate Satisfaction and Engagement at UW Bothell
(continued p. 2)

> 92% were satisfied with their academic life at UW Bothell
> 73% were satisfied with their social life at UW Bothell
> 90% felt that they “belong” at UW Bothell
> 85% would choose UW Bothell if they had to do over
> 89% would recommend UW Bothell to a potential student

- Students who are First-Generation or Pell-Eligible report satisfaction and a sense of belonging at similar or higher levels

- **Strategic Priority All-Student Survey** (Winter)
  Administered to all students. 2015 Topic: Diversity and Inclusion at UW Bothell

- **First Year/Senior Engagement Survey** (Spring) Next Scheduled Spring ‘15
  Administered every 3-4 years, last in 2011 [n=189, 31% Response Rate].
  - UW Bothell first-years and seniors are significantly more likely than peers in Far West Public group and in our Carnegie class to report “active and collaborative learning experiences” (NSSE ACL Benchmark) such as making class presentations, working with students inside and outside of class, tutoring other students, participating in a community-based project as part of a course, or discussing ideas from classes outside of class

- **Graduation Survey** (Spring) [n=460, 31% Response Rate (spring 2014)]
  Administered annually to all graduating Bachelor’s and Master’s students; focus on usage of student services, satisfaction, and post-graduation plans.
  - 89% of graduates are “very satisfied” or “satisfied” with their UW Bothell experience
  - 91% are “very satisfied” or “satisfied” with class size
  - 87% are “very satisfied” or “satisfied” with instructional quality
  - Future Plans
    > 18% report a desire to attend graduate school
    > 68% report a desire to work full time
      - 2/3 of these had an offer of employment

- **One-Year-Out Survey of Alumni** (Spring) Currently Under Development
  Administered in collaboration with the UW Office of Educational Assessment

- **Persistence Plus** (Continuous) Currently Piloting with Support from ASUWB
  Interactive text messaging platform that delivers priority reminders, academic supports, and single-question surveys to a trial group of ~300 first year students who have opted-in to the service. Unlike general surveys that attempt to learn
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Assessment of Undergraduate Satisfaction and Engagement at UW Bothell
(continued p. 3)

about campus climate for “campus level” responses, students are informed that their responses may be shared confidentially with their academic advisors.

As we move our survey calendar from the pilot phase to a more permanent form, our focus will be on:
• Engaging additional campus partners in the design and analysis stages
• Aligning existing and new questions with campus priorities
• Drawing on additional data sources, including focus groups and campus data
• Increasing survey response rates
• Communicating results quickly and transparently
• Using key findings to inform campus and unit-level decision making.

Attachment
Student Presenters’ Biographical Information
Student Presenters’ Biographical Information

Zynia Lolita Chapman is a sophomore, intending to double major in Environmental Science and Community Psychology. Ultimately, her goal is to work in the field of sustainability science and help under- and misrepresented communities.

Zynia is an independent first-generation college student who lives in campus housing. She is motivated to help her fellow students and those in the broader community. She is a member of the UW Bothell Debate Society team and has won seven awards in two years. As a first-year senator with the ASUWB, she served as a liaison and representative for her class, helping her to connect the objectives of both students and the larger university.

She is currently working at the Student Success Center, which offers a plethora of resources, all with the purpose of giving students tools to successfully use skills to accomplish their goals. She is also interested in in undergraduate research and plans to do sustainable agriculture research in the Conservatory on campus.”

David Edwards is a senior studying Law, Economics and Public Policy at the University of Washington Bothell. He graduated from Juanita High School and began studying at UW Bothell in 2011.

While attending UW Bothell, David has been involved with many on campus leadership opportunities, including three terms as a representative for the Associated Students of the University of Washington Bothell Student Government.

David has also had the opportunity to mentor incoming first year students as a new student Orientation Leader. He will graduate at end of winter quarter. Upon graduation, David will be attending Seattle University School of Law and hopes to eventually practice public interest law in the Greater Seattle Area.
Robby Shaffer is a junior majoring in Mechanical Engineering and is in his first year as a student at UW Bothell. He expects to graduate in the Spring of 2016. Before returning to complete his education, Robby held a variety of positions in construction, fabrication and building maintenance. This professional experience has contributed greatly to his aptitude for engineering.

Robby is currently working as an intern for a structural engineer, but in the near future hopes to find an internship more closely related to his field of study. He is involved in undergraduate research under the mentorship of Dr. Pierre Mourad and Ivan Owen, and was awarded a 2014-15 UW Bothell Founder’s Fellow Scholarship for his project “Modular, Functional, 3-D Printed Full Hand Prosthetic.”
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Diversity and Campus Climate at the University of Washington Bothell

For information only.

BACKGROUND

Diversity is one of the seven priorities of the 21st Century Campus Initiative strategic plan and a core value at UW Bothell. We are committed to producing graduates who reflect the ever-increasing diversity of our state and manifesting our vision to provide transformational education, engaged scholarship and an inclusive culture. Today, nearly two-thirds of our undergraduates are either first generation, from low-income backgrounds, or from minority backgrounds historically underrepresented in higher education, and yet, “diversity” is not just about the numbers. It is an integral component in everything we do and is visible in the engagement of faculty, staff and students across campus.

UW Bothell formed a Diversity Council in 2010 and has since enhanced diversity related programming and initiatives. Milestones have included: hired our first diversity director and a senior advisor on faculty diversity and initiatives; launched a new diversity minor; sponsored lectures, workshops and campus conversations on inclusiveness; targeted recruitment in schools with underserved populations; and dedicated resources to serving first generation, veteran, and other populations.

To continue to build on these efforts, the campus is creating a comprehensive overview of the campus climate that will serve as the basis for a campus-wide diversity action plan. The first phase of this study, a staff and faculty campus climate survey, was conducted in Fall 2014, with outcomes and next steps summarized below.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Diversity and Campus Climate at the University of Washington Bothell
(continued p. 2)

Staff and Faculty Inclusive Campus Survey Outcomes

1. How much do you agree with the following statements about UW Bothell, “UW Bothell is a welcoming and inclusive campus for all students, staff, and faculty”?

Chart 1: UW Bothell is Welcoming and Inclusive

Findings In Brief

1. **UW Bothell Staff & Faculty Care About the Topic of Diversity and Inclusion**
   Approximately one out of every two people who work at UW Bothell took the time to fill out the survey and approximately 95% filled out all of the close ended-questions—this is an extremely high response rate for this type of survey. There were 182 answers across the two open-ended questions.

2. **Most Agree That UW Bothell is Welcoming and inclusive, but There is Significant Room for Improvement.**
   84% of faculty and staff either moderately or strongly agree that UW Bothell and their department are welcoming and inclusive. However, only 36% and 48% respectively “strongly agree” with these statements, and nearly a tenth of all respondents moderately or strongly disagreed with the statements. The open-ended answers suggest two contrasting ways that staff and faculty experience the same campus—one where people feel welcomed and included and one where they do not.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Diversity and Campus Climate at the University of Washington Bothell
(continued p. 3)

3. Most Respondents Agree That UW Bothell and Departments are Supportive of Various Identity Groups, but There Is a Wide Range between the Highest and Lowest Groups.
The level of agreement that UW Bothell or their department is supportive ranges from a high of nearly 90% moderately or strong agreement for veterans and race/ethnicity to a low of roughly 50% for language and political beliefs.

4. Employees Want More Opportunities for Diversity & Inclusion Training, Interaction, and Dialogue
Roughly 90% of all respondents expressed at least some interest in increasing their ability to interact with other identity groups. Several respondents mentioned that they want more opportunities for diversity & inclusion training and dialogue.

5. People of Color, Women, and Employees at UW Bothell for 0-5 years are More Likely to Feel Challenged
86% of Women, 78% of people of color (those identifying with a race or ethnicity other than “white”), and 83% of those employed at UW Bothell 0-5 years “agreed” or “strongly agreed” that UW Bothell is a welcoming and inclusive campus, compared to 96% of males, 90% of those identifying as “white,” and 91% of those employed at UW Bothell 6+ years. Women and people of color were also significantly more likely to have experienced or witnessed discrimination, micro-aggressions, and/or some form of harassment at UW Bothell.

Questionnaire, Dissemination & Response
The questionnaire for this survey was designed to take an available sample of the UW Bothell staff and faculty populations in the form of anonymous responses. There were a total of 64 questions; 55 of these questions were five-point Likert scale, 5 were demographic questions, 2 were forced-choice, and 2 were open-ended.

The survey was created on the Campus Labs Baseline system that enables participants to fill out the survey on-line. Unique URLs for this survey were disseminated to the campus staff and faculty October 29, 2014-November 12, 2014, along with up to two reminders. Baseline recorded a total of 237 respondents (46.33%), with 94 percent of these people completing all of the multiple-choice questions.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Diversity and Campus Climate at the University of Washington Bothell
(continued p. 4)

Next Steps

The Staff and Faculty Inclusiveness survey is one of multiple research tools that make up the 360 Campus Climate Study now underway at UW Bothell. Outcomes of the complete study will serve as the basis for the All Campus Diversity Action Plan, to be completed later this year and a baseline for assessment.

Next steps include:

- Student Inclusive Campus survey (Spring 2015)
- Campus focus groups and forums (underway)
- Walk thru of campus psychological, sociological, and physical campus climate
- Mapping of all diversity-related efforts
- Tie in with the other strategic initiatives
- Completion of All-Campus Diversity Action Plan

Attachments

UW Bothell at a Glance 2015
Student Presenters’ Biographical Information
**DEMOGRAPHICS**

**AVERAGE CLASS SIZE**
- Undergraduate: 30
- Graduate: 17

**AVERAGE CREDIT LOAD PER STUDENT**
- Undergraduate: 14
- Graduate: 9

**TOP FIVE CITIES OF RESIDENCE**
- Seattle: 15%
- Bothell: 8%
- Everett: 7%
- Lynnwood: 6%
- Bellevue: 6%

**AGE RANGE**
- 17-25: 71%
- 26-35: 19%
- 36 and older: 9%

**STUDENT BODY**
- In State: 89%
- Military Veterans: 159
- 2014 Incoming First Year Students: 634
- 2014 Incoming Transfers: 747

**COUNTIES OF RESIDENCE**
- King: 51%
- Snohomish: 33%

**GENDER**
- Male: 49%
- Female: 51%

**AFFORDABILITY**
- 60% of all undergraduate students receive financial aid.
- 27% of UW Bothell undergraduates are Husky Promise recipients.

“I am a first generation, nontraditional student. The Husky Promise removes some of the financial obstacles, allowing me to realize my dream of a college degree and ultimately helping other underrepresented students do the same.”

JACQUE JULIEN
UW Bothell senior and Husky Promise recipient

**SCHOOL/PROGRAM HEADCOUNT**

- 21% Interdisciplinary Arts and Sciences
- 8% Nursing and Health Studies
- 18% Science, Technology, Engineering & Mathematics
- 4% Educational Studies
- 1% Interactive Media Design
- 16% Business
- 33% Pre-Majors Program

**ENROLLMENT HISTORY AUTUMN FTE 2010-2014**

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<th>Year</th>
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<th>Transfers (2 and 4 year colleges)</th>
<th>All Others</th>
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<tr>
<td>2014</td>
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</tr>
</tbody>
</table>

**AFRICAN AMERICAN**
- 5%

**HISPANIC**
- 6%

**TWO OR MORE RACES**
- 1%

**NOT INDICATED**
- 1%

**NATIVE HAWAIIAN AND PACIFIC ISLANDER**
- 1%

**FREQUENTLY COURSES**
- 46%

**ETHNIC DIVERSITY**
- Asian
- American Indian
- Caucasian
- Pacific Islander
- Hispanic

**ACCESS**
- 51% of incoming first year students are first generation college students.
- 69% of the incoming first year class is comprised of students from diverse backgrounds.
- 19% of women who have declared majors are majoring in STEM fields.
- 159 students are U.S. veterans (or eligible for veterans’ benefits).

**ACHIEVEMENTS**

National distinctions of UW Bothell students, faculty and staff include:
- Fulbright Fellows
- National Science Foundation CAREER award recipients
- Woodrow Wilson Fellow
- "History Maker" designation by the Library of Congress
- Fellows of the American Society of Mechanical Engineers
- Fellow of the American Physical Society
SPOTLIGHT: THE SCHOOL OF STEM

14
degree programs in the School of STEM

STEM graduates since 1998

1,400

50%
of STEM students are from diverse backgrounds; one-third are the first in their families to attend college.

TOP 3
UW Bothell is among the top three producers of computer science graduates in the state of Washington.

2 IN 5
women make up 40% of STEM faculty (far outpacing the national average).

Our most rapid recent growth has been in the STEM fields. Of those students with declared majors, over 40 percent are in STEM and high-demand healthcare fields. This is an increase from 29 percent in 2010.

NATIONALLY RANKED

7th for colleges that add the most value.

10th among top 25 best public colleges.

37th best college in the nation.

“dramatically outperforms its peers on graduation rates and alumni financial success factors.”

6th best bang for the buck.

Washington Monthly “gives high marks to institutions that contribute to society, enroll low-income students, help them graduate and don’t charge a fortune to attend.”

As UW Bothell matures, it is being recognized in national rankings for quality, value and success of its alumni.

DID YOU KNOW?

UW Bothell is the fastest-growing public university in the state of Washington.

89% of currently enrolled students are from the state of Washington.

Nine out of 10 UW Bothell graduates live and work in the state of Washington.

UW Bothell’s economic impact to the state of Washington is $231.6 million and to the City of Bothell, $125.5 million.

33 new degrees have been added in the past five years.

UW Bothell has tripled in size over the last 10 years, from roughly 1,600 students in 2005 to nearly 5,000 today.

82% of first year incoming students are from King and Snohomish counties.

88% of graduating students are very satisfied or satisfied with their experience at UW Bothell.

120 students are participating in study Abroad. Participation has doubled in the last two years; students have visited 45 countries.

UW BOTHELL PERSONNEL

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<tr>
<td>Faculty:</td>
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MEETING OUR MISSION

Among institutions with our proportion of low-income students, our campus has among the highest six-year graduation rates in the country. Our first-generation and low-income students graduate at similar or higher rates than their peers.
**Student Presenters’ Biographical Information**

**Jacquelyn Julien** is a senior majoring in Society, Ethics, and Human Behavior with double minors in Education & Society and Diversity. She was raised in the Pacific Northwest, in a low-income single-parent household. She is a first generation college student, divorced, mother of four brilliant children who is balancing working part-time, and attending school full-time.

Jacquelyn is a member of the Black Student Union, the Latino Student Union, and has been involved with Making Access to College Happen (MATCH), a student driven program that supports low-income and first generation students who want to pursue a college education. She is excited to have the opportunity to study abroad this summer through the Rome Academic Enrichment Program and is currently doing undergraduate research with Vice Chancellor Susan Jeffords. She plans to pursue a Master of Arts in Policy Studies or Master of Education next fall.

Jacquelyn is also active in grassroots organizations. Through Project Girl, she works to foster the advancement of girls to make positive life choices, and through Families of Color United in Service, she works to enhance effective advocacy and civic engagement skills which are necessary tools in creating social justice change. With her degree and personal experience of overcoming adversity she is dedicated to reaching underrepresented people to pursue higher education and nurturing solidarity within groups that are marginalized.
Joseph Shadwick is a senior majoring in Business Administration with focuses in Management Information Systems, and Technology Information Management.

He is a family man, full-time Husky, and a proud Naval Reservist, currently serving along with his wife (who is also a Naval Reservist). Joseph did not follow a normal course in his choice of enlistment, as he enlisted at the age of 23, and has only served in the reserves. Joseph mobilize three times to the Middle East, serving in Kuwait, Iraq, and the United Arab Emirates for a total of nearly four years of service overseas. This has brought its own challenges, in that Joseph has had to start and stop his education three times since his enlistment in the Navy. Joseph has also attended school at four different institutions due to geographic relocation, creating an opportunity to adapt to new and exciting approaches to academics.

As the Student Veteran’s Association President, and former Vice President, Joseph has had the privilege of serving alongside extremely driven and competent students and faculty members (both veterans and non-veterans). During his time in office he has taken part in the passage of state legislation enabling the university to empower student vets to obtain a better education, the creation of the first University of Washington Veterans Stole, and has dealt directly with veterans’ issues both on and off campus.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Actions Taken Under Delegated Authority

For information only

A quarterly report of actions taken under delegated authority is required by the Standing Orders of the Board of Regents, for the execution of instruments related to real property where the cost or value to the University exceeds $5 million. The report for Q2 and Q3 of FY 2015 is attached.

Attachment
Actions Taken Under Delegated Authority, Cost/Value > $5M Q2 and Q3 ended 12/31/2014
Seattle Market News:
- Regional office vacancy decreased from 10% to 9% the past year
- Office market experienced absorption of approximately 972,000 SF in Q3 (highest in 3 years)
- Approximately 5.9M SF was under construction at end of Q3
- Leases for technology sector tenants accounted for approximately 40% of leasing activity over the past two years

### Leases

<table>
<thead>
<tr>
<th>LOCATION DESCRIPTION</th>
<th>LOCATION</th>
<th>COST (millions)</th>
<th>SQUARE FEET / USE</th>
<th>TERM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease</td>
<td>4545 Roosevelt Way Seattle, WA</td>
<td>$29.8</td>
<td>53,394 Office</td>
<td>6/1/2016 - 5/31/2026 (2) 5-year options</td>
</tr>
<tr>
<td>Lease Extension</td>
<td>4625 Union Bay Place Seattle, WA</td>
<td>$8.9</td>
<td>33,576 Warehouse, Office</td>
<td>5/31/2030</td>
</tr>
<tr>
<td>Lease Amendment</td>
<td>3000 Western Seattle, WA</td>
<td>$7.3</td>
<td>45,475 Lab</td>
<td>2/12/2024</td>
</tr>
</tbody>
</table>

### UW as Landlord

All activity < $5M

### Acquisitions / Dispositions / Sold Gifts

#### Acquisitions

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>DESCRIPTION</th>
<th>COST (millions)</th>
<th>SQUARE FEET / USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cobb Building Seattle, WA</td>
<td>Approved by Board of Regents at July 2013 meeting Seller: Unico Properties, Inc</td>
<td>$33.4</td>
<td>91 Apartments 18,717 SF Retail Lot SF: 166,056</td>
</tr>
</tbody>
</table>

#### Dispositions

All activity < $5M

#### Sold Gifts

All activity < $5M
B. Finance and Asset Management Committee

Investment Performance Quarterly Report – Quarter Ended December 31, 2014

For information only.

Attachment
Investment Performance Report, Second Quarter Fiscal Year 2015, as of December 31, 2014
University of Washington

Investment Performance Report
Second Quarter Fiscal Year 2015

As of December 31, 2014

Treasurer Board of Regents
Treasury Office
Published February 2015
University of Washington
Investment Performance Report
Second Quarter Fiscal Year 2015

As of December 31, 2014

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CEF Performance Update ..................................................... 4
CEF Activity and Campus Support from Investments ................. 5
CEF Exposures ................................................................. 6
Invested Funds ............................................................... 7
TREASURY ASSETS\(^1\) AS OF DECEMBER 31, 2014

$4,829 ($ = Millions)

---

1. Assets whose management falls under the auspices of the Finance & Asset management Committee of the Board of Regents, excluding Metro Tract and Forest Trust Lands.

2. The Invested Funds Diversified Investment Pool holds Consolidated Endowment Fund units valued at $704 million. To avoid double counting, the dollars are included only in the Consolidated Endowment Fund (CEF) total.

3. Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington.


5. Bond Retirement Fund and Building Fund.

6. Debt service reserve funds and construction project funds which have not yet been disbursed.
### Consolidated Endowment Fund (CEF) Asset Allocation for the Quarter Ending December 31, 2014

- **Uncalled capital commitments**: 10%

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Current Allocation ($ = Millions)</th>
<th>Target Policy Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging Markets Equity</td>
<td>$498</td>
<td>17%</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>$1,071</td>
<td>28%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>$313</td>
<td>15%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>$210</td>
<td>7%</td>
</tr>
<tr>
<td>Opportunistic</td>
<td>$55</td>
<td>3%</td>
</tr>
<tr>
<td>Capital Appreciation</td>
<td>$2,147</td>
<td>70% 55%-85%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>$527</td>
<td>19%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>$216</td>
<td>11%</td>
</tr>
<tr>
<td>Capital Preservation</td>
<td>$742</td>
<td>30% 15%-45%</td>
</tr>
</tbody>
</table>

Total CEF $2,889 100%

1 Uncalled capital commitments: 10%

Note: Percentages may not sum due to rounding
# CEF Performance Summary for the Quarter Ending December 31, 2014

## Rolling Year Returns

<table>
<thead>
<tr>
<th></th>
<th>2nd Qtr FY 2015</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total CEF Return</strong></td>
<td>1.1</td>
<td>8.3</td>
<td>11.7</td>
<td>9.0</td>
<td>7.3</td>
</tr>
<tr>
<td>70% MSCI ACWI/30% BC Govt Bond</td>
<td>0.9</td>
<td>4.8</td>
<td>10.7</td>
<td>8.2</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Capital Appreciation</strong></td>
<td>1.3</td>
<td>9.4</td>
<td>14.6</td>
<td>10.5</td>
<td>8.1</td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>0.5</td>
<td>4.7</td>
<td>14.7</td>
<td>9.7</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Capital Preservation</strong></td>
<td>0.6</td>
<td>5.2</td>
<td>5.2</td>
<td>4.6</td>
<td>4.4</td>
</tr>
<tr>
<td>BC Government Bond</td>
<td>1.9</td>
<td>4.9</td>
<td>1.4</td>
<td>3.7</td>
<td>4.3</td>
</tr>
</tbody>
</table>

1 Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

## Fiscal Year Returns

<table>
<thead>
<tr>
<th></th>
<th>FYTD 2015</th>
<th>FY '14</th>
<th>FY '13</th>
<th>FY '12</th>
<th>FY '11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total CEF Return</strong></td>
<td>1.5</td>
<td>15.8</td>
<td>13.5</td>
<td>-0.9</td>
<td>16.0</td>
</tr>
<tr>
<td>70% MSCI ACWI/30% BC Govt Bond</td>
<td>-0.5</td>
<td>16.8</td>
<td>11.3</td>
<td>-1.3</td>
<td>21.8</td>
</tr>
<tr>
<td><strong>Capital Appreciation</strong></td>
<td>1.8</td>
<td>18.8</td>
<td>17.0</td>
<td>-1.9</td>
<td>21.5</td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>-1.7</td>
<td>23.6</td>
<td>17.2</td>
<td>-6.0</td>
<td>30.8</td>
</tr>
<tr>
<td><strong>Capital Preservation</strong></td>
<td>0.9</td>
<td>8.0</td>
<td>5.9</td>
<td>1.2</td>
<td>3.6</td>
</tr>
<tr>
<td>BC Government Bond</td>
<td>2.2</td>
<td>2.1</td>
<td>-1.5</td>
<td>8.3</td>
<td>2.3</td>
</tr>
</tbody>
</table>

1 Total Return: Average annual compound return (dividend or interest plus capital appreciation or depreciation)

## NACUBO/Commonfund Endowment Study

- **University of Washington**: 15.8% 15.8%
- **NACUBO/Commonfund Median Returns**: 9.2% 8.9% 11.2% 11.8% 8.0% 7.0%

As of June 30, 2014

## Growth of $10,000: CEF vs. Passive Alternatives

- **CEF**: $20,277
- **70% ACWI & 30% BC Gov**: $18,422

As of December 31
## CEF Performance Update

**Total Return** As of December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>2nd Qtr FY '15</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Endowment Fund</strong></td>
<td>1.1</td>
<td>8.3</td>
<td>11.7</td>
<td>9.0</td>
<td>7.3</td>
</tr>
<tr>
<td>70% MSCI ACWI &amp; 30% BC Gov’t Bond <em>(Benchmark)</em></td>
<td>0.9</td>
<td>4.8</td>
<td>10.7</td>
<td>8.2</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Capital Appreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSCI ACWI <em>(Benchmark)</em></td>
<td>0.5</td>
<td>4.7</td>
<td>14.7</td>
<td>9.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>-0.2</td>
<td>6.3</td>
<td>10.6</td>
<td>7.7</td>
<td>12.8</td>
</tr>
<tr>
<td>Developed Markets Equity</td>
<td>2.5</td>
<td>6.6</td>
<td>16.9</td>
<td>11.4</td>
<td>6.7</td>
</tr>
<tr>
<td>Opportunistic (started 7/1/2010)</td>
<td>-0.2</td>
<td>8.9</td>
<td>17.6</td>
<td>—–</td>
<td>—–</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>1.5</td>
<td>6.7</td>
<td>14.9</td>
<td>—–</td>
<td>—–</td>
</tr>
<tr>
<td>MSCI ACWI <em>(Benchmark)</em></td>
<td>0.5</td>
<td>4.7</td>
<td>14.7</td>
<td>9.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Private Equity 2</td>
<td>0.4</td>
<td>15.7</td>
<td>14.6</td>
<td>12.6</td>
<td>11.8</td>
</tr>
<tr>
<td>PE Benchmark 2</td>
<td>1.9</td>
<td>19.8</td>
<td>16.0</td>
<td>15.8</td>
<td>12.3</td>
</tr>
<tr>
<td>Real Assets 2</td>
<td>0.7</td>
<td>20.7</td>
<td>13.4</td>
<td>10.1</td>
<td>5.8</td>
</tr>
<tr>
<td>RA Benchmark 2</td>
<td>1.2</td>
<td>12.4</td>
<td>11.4</td>
<td>11.4</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Capital Preservation</strong></td>
<td>0.6</td>
<td>5.2</td>
<td>5.2</td>
<td>4.6</td>
<td>4.4</td>
</tr>
<tr>
<td>BC Government Bond <em>(Benchmark)</em></td>
<td>1.9</td>
<td>4.9</td>
<td>1.4</td>
<td>3.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>0.7</td>
<td>6.3</td>
<td>7.5</td>
<td>6.9</td>
<td>6.9</td>
</tr>
<tr>
<td>Policy Benchmark 3</td>
<td>0.5</td>
<td>3.4</td>
<td>5.1</td>
<td>3.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>0.5</td>
<td>2.7</td>
<td>1.7</td>
<td>1.8</td>
<td>2.7</td>
</tr>
<tr>
<td>BC Government Bond <em>(Benchmark)</em></td>
<td>1.9</td>
<td>4.9</td>
<td>1.4</td>
<td>3.7</td>
<td>4.3</td>
</tr>
</tbody>
</table>

| **Market Indices**             |                |        |         |         |          |
| S&P                            | 4.9            | 13.7   | 20.4    | 15.5    | 7.7      |
| Russell 2000                    | 9.7            | 4.9    | 19.2    | 15.5    | 7.8      |
| MSCI EAFE                       | -3.5           | -4.5   | 11.6    | 5.8     | 4.9      |
| MSCI EMF                        | -4.4           | -1.8   | 4.4     | 2.1     | 8.8      |
| BC High Yield                   | -1.0           | 2.5    | 8.4     | 9.0     | 7.7      |

1 Total Return: Average Annual Compound Return (dividend or interest plus capital appreciation or depreciation)
2 Reported on a quarter lag

F–2.1/203-15 Preliminary
3/12/15
### CEF Activity and Campus Support from Investments as of December 31, 2014

$ = Millions

<table>
<thead>
<tr>
<th>FYTD 2015</th>
<th>FY 2014</th>
<th>FY 2013</th>
<th>5 Years</th>
<th>10 Years</th>
<th>15 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$2,833</td>
<td>$2,347</td>
<td>$2,111</td>
<td>$1,840</td>
<td>$1,344</td>
</tr>
<tr>
<td><strong>Gifts</strong></td>
<td>31</td>
<td>71</td>
<td>48</td>
<td>315</td>
<td>724</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>34</td>
<td>92</td>
</tr>
<tr>
<td><strong>Operating Funds Purchases</strong></td>
<td>40</td>
<td>146</td>
<td>11</td>
<td>253</td>
<td>320</td>
</tr>
<tr>
<td><strong>Total Additions</strong></td>
<td>$78</td>
<td>$224</td>
<td>$66</td>
<td>$602</td>
<td>$1,135</td>
</tr>
<tr>
<td><strong>Net Investment Return</strong></td>
<td>44</td>
<td>379</td>
<td>279</td>
<td>980</td>
<td>1,411</td>
</tr>
<tr>
<td><strong>Distributions</strong></td>
<td>(52)</td>
<td>(94)</td>
<td>(87)</td>
<td>(423)</td>
<td>(804)</td>
</tr>
<tr>
<td><strong>Advancement Support</strong></td>
<td>(10)</td>
<td>(19)</td>
<td>(17)</td>
<td>(87)</td>
<td>(157)</td>
</tr>
<tr>
<td><strong>Administrative Fees</strong></td>
<td>(3)</td>
<td>(5)</td>
<td>(4)</td>
<td>(22)</td>
<td>(39)</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>$2,889</td>
<td>$2,347</td>
<td>$2,111</td>
<td>$2,889</td>
<td>$2,889</td>
</tr>
</tbody>
</table>

### Campus Support from Investments

<table>
<thead>
<tr>
<th>CEF Distributions</th>
<th>$52</th>
<th>$94</th>
<th>$87</th>
<th>$423</th>
<th>$804</th>
<th>$1,061</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancement Support from CEF</td>
<td>10</td>
<td>19</td>
<td>17</td>
<td>87</td>
<td>157</td>
<td>188</td>
</tr>
<tr>
<td>Invested Funds Distribution</td>
<td>N/A</td>
<td>36</td>
<td>38</td>
<td>192</td>
<td>423</td>
<td>675</td>
</tr>
<tr>
<td><strong>Total Campus Support</strong></td>
<td>$62</td>
<td>$148</td>
<td>$143</td>
<td>$702</td>
<td>$1,384</td>
<td>$1,925</td>
</tr>
</tbody>
</table>

Note: Numbers may not sum due to rounding

1 Invested Funds Distributions occur annually at fiscal year end.
CEF Exposures for the Quarter Ending December 30, 2014

Exposure by Strategy

Capital Appreciation
- Emerging Markets
- Developed Markets
- Private Equity
- Real Assets
- Absolute Return

Capital Preservation
- Opportunistic
- Fixed Income

Geographic Exposure
- North America: 63%
- EM Asia ex. Japan: 3%
- EM Latin America: 3%
- Japan: 3%
- EM EMEA: 5%
- Developed Europe: 11%

Equity Sector Exposure
- Information Technology: 14%
- Financials: 18%
- Consumer Discretionary: 13%
- Consumer Staples: 10%
- Industrials: 13%
- Energy: 12%
- Health Care: 10%
- Materials: 3%
- Telecom: 3%
- Utilities: 3%

Note: Percentages may not sum due to rounding

1 At 12/31/14 foreign currency exposure: 33%

Emerging Markets, Developed Markets, Real Assets and select Absolute Return equity

Weekly: 27%
Monthly: 42%
Quarterly: 59%
1 Year: 77%
### INVESTED FUNDS FOR THE QUARTER ENDING DECEMBER 31, 2014

#### Total Return (%)

<table>
<thead>
<tr>
<th>Fund</th>
<th>2nd Qtr FY 2015</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash &amp; Liquidity Pools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Benchmark</td>
<td>0.5</td>
<td>1.6</td>
<td>1.1</td>
<td>2.1</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>IF including DIP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Benchmark</td>
<td>0.6</td>
<td>1.6</td>
<td>0.7</td>
<td>1.8</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>IF including DIP &amp; CAP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.7</td>
<td>3.4</td>
<td>3.6</td>
<td>3.7</td>
<td>4.2</td>
</tr>
</tbody>
</table>

1. **Total Return**: average annual compound return (dividend or interest plus capital appreciation or depreciation).
2. **DIP**: Diversified Investment Pool is designed to improve the risk profile and/or enhance the IF performance through investment in CEF units or other investment vehicles.
3. **CAP**: Capital Assets Pool consists of UW internally financed projects.

#### Fund Allocation by Pool ($ = Millions)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Fund Allocation</th>
<th>Range</th>
<th>Duration in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Pool</td>
<td>$739</td>
<td>32%</td>
<td>10%–40%</td>
</tr>
<tr>
<td>Liquidity Pool</td>
<td>$841</td>
<td>36%</td>
<td>30%–60%</td>
</tr>
<tr>
<td>Diversified Investment Pool</td>
<td>$704</td>
<td>30%</td>
<td>15%–40%</td>
</tr>
<tr>
<td>IF Excluding CAP</td>
<td>$2,284</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>Capital Assets Pool</td>
<td>$46</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Total Invested Funds</td>
<td>$2,330</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

1. **Diversified Investment Pool (DIP)** currently consists of CEF units which are included in the CEF market value.
2. **Capital Assets Pool** consists of UW internally financed projects.

#### Mix of Investments: IF Excluding CAP

- **Treasuries & Agencies**: 42%
- **Cash Equivalents**: 3%
- **Asset-Backed Securities**: 7%
- **CEF Units**: 31%
- **Mortgage Related**: 17%

#### Growth of $10,000: Impact of Diversified Asset Pool (DIP)

- **IF Including DIP**: $15,027
- **IF Excluding DIP**: $13,511

---

F–2.1/203-15
3/12/15
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Semi-Annual Debt Report

The Board of Regents is charged with adopting the University’s Debt Management Policy, establishing the University’s credit standards, adopting the Annual Bond Resolution allowing for issuance of external debt, and approving the use of the Internal Lending Program to fund capital projects.

In addition, the Board is responsible for oversight of University debt outstanding, credit ratings, and compliance with bond covenants and IRS regulations. The Semi-Annual Debt Report (SADRe) provides the Board of Regents with up-to-date information about the University’s debt portfolio and the financial health of major borrowers. The SADRe combines information previously presented in the Internal Lending Program Quarterly Reports and the Semi-Annual Borrower Reports.

The SADRe does not require Regental action and is presented to provide the Board with information and context to allow the Board to make informed decisions about the University’s debt and internal lending activities.

Attachment
Semi-Annual Debt Report as of December 31, 2014
Semi-Annual Debt Report
As of 12/31/14

Total Portfolio - $2,248M

- $2,202M in external debt; $46M in internal funds (Capital Asset Pool)
- Portfolio weighted average cost of external debt: 3.78%
- Portfolio composition: 96% fixed rate; 4% variable rate
- On January 22, 2015, the University issued $218M in General Revenue and Refunding Bonds. These bonds reduced overall debt service by $75M. The impact of this refinancing on the portfolio will be shown on the next Semi-Annual Debt Report.

Internal Lending Program (ILP) Debt - $1,531M

- The internal lending rate was reduced from 5.50% to 4.75% for all ILP borrowers effective April 1, 2015.
- 80% of ILP debt is at the 4.75% rate. The remaining 20% is debt that was issued prior to the creation of the ILP and pays the actual debt service from when the bonds were issued.
- The ILP Rate Stabilization Account (RSA) has a balance of $44M.

Non-ILP Debt - $717M

- Non-ILP debt includes debt repaid from appropriated University local funds, debt issued by an external entity on behalf of the University, equipment leases and credit lines.
- $67.5M in commercial paper has been issued to fund HR Payroll Modernization and Metro Tract improvements.
- Affiliated hospital debt includes obligations of Northwest Hospital and Valley Medical Center. These obligations are paid from the revenues of the affiliated hospitals, but are treated as University debt.

Total Debt Service (1)

- General Revenue Bonds
- State Bonds
- Pre-ILP - Revenue Bonds
- Capital Assets Pool
- Commercial Paper

(1) Pre-2015 debt restructuring; see the 2015 Debt Management presentation for the refunding’s impact
(2) Excludes principal payments
(3) Excludes LTGO debt
### ILP Committed Capital Reserves

| (in millions) |  
|----------------|-----------------|-----------------|-----------------|-----------------|
| **Beginning Balance July-14** | **$174.9** |  
| **Internal Debt Service** | **63.9** |  
| **External Debt Service** | **(52.3)** |  
| **Project Funding** | **(9.9)** |  
| **ILP Expenses** | **(1.1)** |  
| **Balance at 12/31/14** | **$175.5** |  

Reflects $44M in RSA

### Capital Assets Pool (CAP)

In May 2014, the Board of Regents approved the Capital Assets Pool (CAP). The CAP may be invested in University capital projects with maturities of up to 30 years. CAP target allocation is 10% of the Invested Funds Pool, with a range of 0-15% to allow for market fluctuations. CAP is a funding source for the Internal Lending Program.

- **Invested Funds Pool Balance**: $2,331.0
- **Target Allocation (10%)**: $233.1
- **Utilized to Date**: (46.1)
- **Allocation Remaining**: $187.0

### ILP Internal Loans

| (in millions) |  
|----------------|-----------------|-----------------|-----------------|
| **Department** | **Loan Balance** |  
| Housing and Food Service | $485.2 |  
| Central Administration | 315.4 |  
| Intercollegiate Athletics | 257.6 |  
| UW Medicine | 233.8 |  
| Student Life | 151.6 |  
| Real Estate | 33.1 |  
| UW Bothell | 15.7 |  
| UW Tacoma | 15.3 |  
| Transportation Services | 13.5 |  
| School of Dentistry | 10.8 |  
| School of Global Health | 1.7 |  
| **Total at 12/31/14** | **$1,533.9** |  

The difference between ILP Debt and ILP Internal Loans is impact of net premium/discount and unspent bond proceeds.

### Funding Projections for Authorized ILP Projects

- **2015**: $88
- **2016**: $149
- **2017**: $70
- **2018**: $9

Includes only projects authorized by the Board of Regents as of 12/31/14.
Summary
Results for FY 2014 continued a pattern of strong occupancy throughout the HFS system. Occupancy for Autumn Quarter 2014 exceeded capacity systemwide. The projected size of the freshmen class for the upcoming year will likely reinforce interest in on-campus housing. Negative cash flow in FY 2015 is a result of increased capital expenditures for Terry and Maple Halls as well as the onset of the Lander Hall debt service; Lander opened to students in Winter 2014. A 0.75% interest rate reduction in the Internal Lending Program will offset needed increases in FY 2016 housing and dining rates thus, a rate increase has not been proposed.

Risks and Mitigations
▪ Risks include student occupancy levels due to potential issues such as private market competition, price sensitivity, or a reduction in long-range UW enrollment plan. Ongoing monitoring of private market conditions and strategic occupancy planning will balance apartment and residence hall space availability systemwide.
▪ Projected negative cash flow in FY 2017 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.

Selected Indicators (1)
Systemwide occupancy indicates the overall health of residence hall and dining operations and measures demand for the system.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>110.7%</td>
<td>112.9%</td>
<td>110.2%</td>
<td>106.9%</td>
<td>109.1%</td>
</tr>
</tbody>
</table>

(1) Numbers restated from November SABRe to reflect as-built capacity
(2) Reflects projected annual occupancy

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

![Debt Service Coverage Graph](image)

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

![Cash Flow Graph](image)

### Reserve Balance
Unrestricted net assets; ILP minimum is 4 months of adjusted HFS operating expenses

![Reserve Balance Graph](image)
Summary

- FY2014 actuals reflect higher than budgeted revenues from Husky Stadium gate revenue, seat-related contributions, and PAC-12 conference TV distribution. This revenue increase was offset by increased operating expenses, primarily related to new stadium opening/operations. Beginning in FY2014, new debt service for Husky Stadium lowered debt service coverage.
- Future numbers reflect lower operating income and cash flow due to decreases in Title IX tuition waivers and increasing costs related to changing NCAA governance and regulations related to student athlete support and aid.
- ILP debt covenant not met in FY2014.

Risks/Mitigation

- Changing NCAA regulatory/governing landscape will likely impact forward projections in subsequent reports. No firm impact estimates are available at this point.
- Lower than projected ticket sales, seat-related contributions, and premium seating revenues would reduce available resources.
- Scaling back capital plan, reducing operating expenditures, and eliminating loan prepayments would help mitigate these risks.

<table>
<thead>
<tr>
<th>Selected Indicators</th>
<th>FY2014</th>
<th>% of prior year</th>
<th>% of budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Full Season (number of seats)</td>
<td>44,022</td>
<td>&gt;94%</td>
<td>&gt;94%</td>
</tr>
<tr>
<td>Seat Donations ($ '000)</td>
<td>13,066</td>
<td>&gt;96%</td>
<td>&gt;96%</td>
</tr>
<tr>
<td>Luxury/Premium Seating Sold out</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the charts below the impact of Basketball Operations Center begins in FY18. Husky Stadium debt service began in FY2014; prior periods not comparable.

Debt Service Coverage

Net operating income as a multiple of debt service; ILP minimum is 1.1 ratio beginning in FY15

Cash Flow

Net operating income plus gifts less debt service and capital expenses

Reserve Balance

ILP minimum is one year’s ICA debt service*

* Subject to increase if debt service coverage is below 1.25

F–3.1/203-15
3/12/15
Summary

- UW Medical Center’s Total Margin YTD through December FY15 was 2.0%. Debt Service Coverage and Days Cash on Hand remain above Internal Lending Program (ILP) minimums.
  - Debt service coverage of 4.07 exceeds the 1.25 minimum by a significant margin. With the addition of approved Phase 2 debt, debt service coverage is projected to remain well above the minimum.
  - Days cash on hand of 90 exceeds the current Internal Lending Program (ILP) minimum of 75 days.
- Financial ratios for FY11-FY14 represent audited actuals. FY15 represents YTD Actuals through December and FY16-FY20 are from the most recent Long Range Financial Plan (LRFP) that was presented to the UW Medicine Board Finance and Audit Committee in January of 2015.

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 works collaboratively with State and Federal officials to identify opportunities to mitigate future potential reductions.
- Continued success at executing priorities in the strategic plan and implementing performance improvement initiatives is key to the achievement of financial objectives going forward.

Selected Indicators

<table>
<thead>
<tr>
<th></th>
<th>FY12 Actuals</th>
<th>FY13 Actuals</th>
<th>FY14 Actuals</th>
<th>FY15 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions</td>
<td>17,915</td>
<td>17,728</td>
<td>18,033</td>
<td>18,543</td>
</tr>
<tr>
<td>Total Surgeries</td>
<td>14,696</td>
<td>14,271</td>
<td>14,538</td>
<td>15,309</td>
</tr>
<tr>
<td>Occupancy</td>
<td>81%</td>
<td>80%</td>
<td>81%</td>
<td>83%</td>
</tr>
</tbody>
</table>

Debt Service Coverage

Net operating income as a multiple of debt service; ILP minimum is 1.25
FY16-FY20 are projections

Total Margin

Operating income plus non-operating income expressed as a percentage of revenue
FY16-FY20 are projections

Days Cash On Hand

Unrestricted cash divided by daily operating expenses; current ILP minimum is 75 days
FY16-FY20 are projections

Note: The ILP rate will decrease from 5.5% to 4.75% effective 4/1/15. This change will decrease annual debt service by ~$1M. Rate change announcement was after the development of the budget and the LRFP.
Summary

- Required SoM support for SLU Phases 1 and 2 was $4.9M for FY14. For FY15 and future years, operating costs capture the estimated ground rent market increase of $2M per year. Required support peaks in FY16 at $6.5M and declines to $4.7M in FY20.
- Required SoM support for SLU Phase 3.1 (occupied in May 2013) was $4.8M for FY14. Required SoM support for FY15 and future years increases as full debt service begins in FY15. Required support peaks at $9.6M in FY17 and declines to $9.4M in FY20.
- Required support is higher than proforma as research density and federal research (based on expenditures) are lagging proforma. Proforma projected federal research grants at 90% of total research. FY14 actual federal funded research for SLU Phases 1 and 2 is 79% and for SLU Phase 3.1 is 90%.
- SoM has sufficient reserves and overall operating budget to fund additional required support in fiscal year 2015; the SoM required support is $2.3M over the FY15 proforma budget which represents 0.2% of SoM FY15 revenue base and 1.1% of SoM FY15 reserves.
- The SoM has set aside SLU designated reserves to fund required SoM support beyond SLU 3.1 proforma levels though FY17.
- Expanding research space capacity at SLU has allowed School of Medicine (SoM) to successfully increase research activity.
- Over 4 years, grant activity has grown at SLU by an average of 4.2% compared to flat growth at non-SLU locations. The decrease in FY15 over FY14 is a combination of factors including: annualizing activity based on FYTD December numbers, awards funded in FY14 instead of FY13 due to sequestration, faculty departures and competitive renewals not being funded on first submissions.

Risks and Mitigations

- Potential federal research funding cutbacks, similar to 2013 sequestration, could result in delayed awards and reduced funding.
- Potential shift from federal research to non-federal research at South Lake Union could result in lower indirect cost recovery.
- In spite of the challenging grant environment, the UW remains highly competitive for federal research funding.
- SoM has the opportunity to increase research density at South Lake Union with ongoing recruitments which will reduce the projected additional funding support required.
- There is a potential revenue increase due to F&A rate re-negotiation, new rate approval expected in calendar year 2015.
- UW has submitted a state request for Operations and Maintenance support for SLU 3.1 in range of $2.7M per year.

Required UW SoM Support for South Lake Union

SoM funding will be required to supplement facilities indirect cost income

---

Required UW SoM Support for South Lake Union

SoM funding will be required to supplement facilities indirect cost income

---

Total SoM Reserves (excluding grants/contracts)

2% average growth

---

SoM Direct Research Expenditures/Activity

CAGR 0.3%

CAGR 4.2%
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

One Capital Plan and Debt Capacity Update

This item is for information only.

A number of supporting files are attached with the item; however, we will not get into the details on most of these documents. Instead, we will focus on how the President and the Provost prioritize major projects within the State Capital Budget request and the One Capital Plan.

BACKGROUND:

The Board of Regents has the oversight role for the capital plan and debt capacity in addition to an approval role for individual capital projects. The capital planning process is an ongoing institution-wide effort that balances revenue generating projects, vital infrastructure projects, and strategic priorities with funding constraints such as debt capacity. The individual project approval process is considered in the context of the larger capital plan, with each project also being viewed on a business-case basis.

The authority of the Board of Regents for capital projects is documented in the Board of Regents Governance, Standing Orders, Chapter 1, Delegation of Authority, Section 6.F.

“When a capital project budget is anticipated to exceed $5 million, approval of that capital project budget, appointment of project architects, award of construction contracts, and single increases to the capital project budget where the increase is greater than 10% of the approved project budget. However, when the anticipated capital project budget exceeds $5 million and is less than $15 million, the President or the President's designee may approve and execute all instruments related to the capital project and report all such actions to the Board of Regents no less often than quarterly.”

The capital planning and approval process is managed by UW Planning & Management (Capital Projects Office, UW Real Estate, Office of University Architect, and Office of Planning & Management), and Finance & Facilities (Treasury Office and Facilities Services). Schools/Colleges/Administrative Units often initiate the need for space, although central administration is responsible for infrastructure needs.

The process is currently being streamlined and standardized. Attachment 1 is intended as a guide to the current process and to build understanding of roles and responsibilities between the Regents and UW staff.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW One Capital Plan and Debt Capacity Update (continued pg. 2)

The project capacity analysis (including debt capacity and remaining Capital Assets Pool balance) is recalculated annually and shared with the Board in the spring. Any change in project capacity is based on actual financial results, new borrowing and repayment of debt, revised projections, and interest rate assumptions. The annual project capacity analysis is summarized in Attachment 6.

Project capacity analysis is a sizing exercise, based on growth and rate assumptions. It does not imply that any particular project is able to be funded. Each project must be identified and prioritized on the One Capital Plan, undergo a separate financial due diligence process and be approved by the Board.

Attachments
1. Capital Planning at the University of Washington
2. Capital Projects – Board of Regents Approval/Fund Sources
3. Project Budget Sample
4. 2015-2017 State Capital Budget Request and 10 Year Capital Plan
5. UW 10 Year Capital Plan
6. Debt and Project Capacity Update
Capital Planning at the University of Washington

This document is intended to explain the process by which the University and Board of Regents authorizes the physical development of the university.

Process goals:
- Ensure controls are in place → establish and standardize processes
- Ensure capital plan is in place → establish and update One Capital Plan
- Manage & implement the plan → prioritize projects and identify funding or financing → establish project budget and manage to the plan

Board of Regents Capital Projects Review & Approval Process

<table>
<thead>
<tr>
<th>Institutional Strategy &amp; Project Prioritization</th>
<th>One Capital Plan</th>
<th>Bring forward top priority projects to Regents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Identify projects • Categorize projects • Prioritize projects</td>
<td></td>
</tr>
</tbody>
</table>

Stage 1

<table>
<thead>
<tr>
<th>Board of Regents -- Information</th>
<th>Board of Regents -- Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Institutional opportunities • Estimated budget and cost analysis • Business case analysis • Benchmarks</td>
<td>• Approve preliminary site • Approve architect • Approve contractor • Approve pre-construction budget</td>
</tr>
</tbody>
</table>

Stage 2

<table>
<thead>
<tr>
<th>Board of Regents -- Information</th>
<th>Board of Regents -- Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Schematic design of the project • Timeline • Benchmarks</td>
<td>• Approve final site (after EIS) • Approve financing plan (if needed) • Approve project budget</td>
</tr>
</tbody>
</table>

Stage 3

<table>
<thead>
<tr>
<th>Board of Regents -- Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Project status • Budget vs. actuals</td>
</tr>
</tbody>
</table>

Types of projects:

Minor capital repairs and program renewal (estimated at $2 million or less)

The UW relies on a combination of local and state appropriated funds for minor capital projects, which are included in the One Capital Plan. Minor capital projects include building repairs and deferred maintenance as well as improvements to support program initiatives and to improve space utilization.
Planning & Management works with Facilities Services, UWIT (Information Technology) and EH&S (Environmental Health and Safety) to identify, prioritize, and coordinate the implementation of these projects to ensure that limited resources are invested effectively to meet the most critical needs of the University.

- Minor projects under $90,000 are carried out by Facilities Services Maintenance & Alterations
- Minor projects greater than $90,000 are carried out by Capital Projects Office

Schools and Colleges rely solely on local funds and Provost allocation (distributed each biennium) for program renewal projects (see list below). This work occurs throughout the biennium.

Examples of minor **preservation** projects:
- Utilities/grounds/site work (heating, cooling, sewer, irrigation)
- Building improvement (building envelope, roofing, window replacement)
- Interior, security, and conveying systems (elevators, lighting)
- Building systems (electrical, mechanical)
- ADA improvements (handrails, wheelchair access)
- Fire and life safety improvements
- Technology infrastructure improvements
- Classroom improvements

Examples of minor **program renewal** projects:
- Office remodels and reconfigurations
- Instructional and research lab modernization
- Major equipment acquisition and installation

**Major capital projects**

A major capital project is a public works project estimated at over $2 million.

Delegated authority by Board of Regents is given to the President or the President’s designee to execute capital projects less than $15 million (Board of Regents Governance, Standing Orders, Chapter 1, Delegation of Authority, Section 6.F)

Per policy, **major capital projects over $15 million go to the Board of Regents** for approval on an individual project basis.

**Board of Regents Level Capital Projects Roles and Responsibilities**

This process applies to all University of Washington capital projects in excess of $15 million (construction, renovation, or acquisition).

<table>
<thead>
<tr>
<th>Roles and Responsibilities</th>
<th>Board of Regents</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Establish capital plan (list of projects/costs)</td>
<td>Information</td>
<td>X</td>
</tr>
<tr>
<td>2 Prioritize projects (with decision criteria)</td>
<td>Information</td>
<td>X</td>
</tr>
<tr>
<td>3 Approve priorities/projects with budgets</td>
<td>Action</td>
<td></td>
</tr>
<tr>
<td>4 Execute/implement decision</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
Institutional Strategy and Project Prioritization

The One Capital Plan (OCP) summarizes major proposed capital needs, aggregated minor capital needs and key planning initiatives over a ten year period for all UW enterprises, including UW Seattle, UW Bothell, UW Tacoma, UW Auxiliary Units (Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Transportation Services), and UW Medicine.

The OCP is updated annually and shared with the Board each May/June. OCP is designed to be comprehensive, but is flexible to allow for opportunistic real estate purchases or gift funded projects that may not be known when the OCP is presented.

- Projects are identified
  - Individual projects are proposed and prioritized by each school, college and the UW enterprise
  - Planning & Management identifies and initiates institutional planning initiatives, major infrastructure and core facility requirements on behalf of the institution (i.e. HR/Payroll Modernization, the UW Police Department, the SW Central Utility Plant, Landscape Framework, academic facilities plans, geographic area plans, site selections, project feasibility studies)

- Projects are categorized into 3 tiers:
  1. Fundamental Projects
  2. Proposed Projects – Funding Potential
  3. Proposed Projects – Future Funding Opportunities (represents additional capital needs that extend beyond capital funding expectations within the next ten years)

- Projects are prioritized by Planning & Management in consultation with the President and Provost using the following criteria:
  - Alignment with Campus Master Plan and University Strategic Plan
  - Funding
  - Urgency of Need
  - Timing
  - Future areas of growth

- Top priority projects brought forward to Regents as part of the annual Capital Budget in June of each year
  - Materials included:
    - Executive summary (project description, site, estimated budget, source of funds, approach, delivery mechanism)
    - Will this work for the Board? What else is needed?
      - Example/Case study: Nano ES

Board of Regents Information Items & Actions

Stage 1
Information
  o Institutional opportunities
    • Growth needs
    • Strategic opportunities
    • Replacement needs
    • Aligns with UW, schools and colleges’ goals
    • Fit within UW mission and vision
    • Student, faculty, innovation, clinical needs
    • Potential partnerships
    • Benchmarks
  o Estimated budget and cost analysis
    • Opportunity cost analysis (evaluate alternatives)
    • Target to median cost – cost of similar construction at other universities/type of construction
    • Square foot cost/ local conditions (Stanford)
    • Unique characteristics with unusual cost implications (example: constructability issues of site/area, unusual program requirements, fund source constraints, etc.)
    • Operational budget impact (maintenance and operations total cost of ownership) – how will it be paid for?
  o Preliminary business case analysis
    • Lease vs. buy analysis wherever feasible
    • Funding Sources
      • Debt
      • State funds
      • Philanthropy
      • Institutional equity
    • New revenue that may be generated or existing revenue that may be used

Actions Needed
  o Approve preliminary site
  o Approve architect
  o Approve contractor
  o Approve pre-construction budget
    • Pre-design
    • Design
    • Construction
    • Tenant Improvement (T/I) build out
    • Contingency
    • Escalation (with scaled assumptions)
    • Operational impact
      o Maintenance and operations
      o Who pays (state, auxiliary, provost?)

Stage 2

Information
  o Schematic design of the project
  o Timeline
  o Benchmarks
**Actions Needed**

- Approve final site (after Environmental Impact Statement)
- Approve project budget (if cost is more than 10% of original budget, include rationale)
- Approve funding plan and use of the ILP (if needed)
  - Final sources and uses
  - Institutional debt capacity analysis
  - Credit analysis
    - Base Case 10-Year pro forma projections
    - Stress case and mitigations
### Capital Projects -- Board of Regents Approval / Fund Sources

#### Active Projects - Approved by BOR

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Budget Estimate (in millions)</th>
<th>Fund Source (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAS - Denny Hall Renovation</td>
<td>$53</td>
<td>State: $33, Local: $4, Donor: $, Debt: $16</td>
</tr>
<tr>
<td>CoE - Nano Engineering and Sciences Building (NanoES)</td>
<td>65</td>
<td>State: 18, Local: 47, Donor: $</td>
</tr>
<tr>
<td>Core Research Facilities - ARCF I</td>
<td>124</td>
<td>State: 14, Local: 110, Donor: $</td>
</tr>
<tr>
<td>Enterprise Information System - HR/Payroll System Modernization</td>
<td>60</td>
<td>State: 6, Local: 1, Donor: 1, Debt: 60</td>
</tr>
<tr>
<td>House of Knowledge Longhouse - Phase I</td>
<td>38</td>
<td>State: 38, Local: 1, Donor: $</td>
</tr>
<tr>
<td>Sound Transit Overpass - University of Washington Station</td>
<td>38</td>
<td>State: 38, Local: 1, Donor: $</td>
</tr>
<tr>
<td>UW Bothell - Phase 3</td>
<td>68</td>
<td>State: 25, Local: 13, Donor: 30, Debt: 30</td>
</tr>
<tr>
<td>UW Bothell - Student Activities Center</td>
<td>19</td>
<td>State: 1, Local: 18, Donor: $</td>
</tr>
<tr>
<td>UW Seattle - Burke Gilman Trail Development Phase 1</td>
<td>6</td>
<td>State: 6, Local: 6, Donor: $</td>
</tr>
<tr>
<td>UW Seattle Student Housing - West Campus - Maple</td>
<td>78</td>
<td>State: 7, Local: 71, Donor: $</td>
</tr>
<tr>
<td>UW Seattle Student Housing - West Campus - New Terry</td>
<td>55</td>
<td>State: 5, Local: 50, Donor: 12, Debt: 50</td>
</tr>
<tr>
<td>UW Tacoma - University Y and Student Activity Center</td>
<td>20</td>
<td>State: 8, Local: 12, Donor: $</td>
</tr>
<tr>
<td>UWMC - Expansion - Phase 2</td>
<td>186</td>
<td>State: 50, Local: 136, Donor: $</td>
</tr>
<tr>
<td>UWMC - Front Entrance</td>
<td>22</td>
<td>State: 22, Local: 22, Donor: $</td>
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<tr>
<td>UWPD - Police Station Replacement</td>
<td>20</td>
<td>State: 20, Local: 20, Donor: $</td>
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<tr>
<td>West Campus Central Utility Plant - Phase 1</td>
<td>31</td>
<td>State: 2, Local: 29, Donor: $</td>
</tr>
</tbody>
</table>

**Subtotal**: $849 State: $61, Local: $170, Donor: $86, Debt: $532

#### Anticipated Projects Seeking BOR Approval (next 2 years)

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Budget Estimate (in millions)</th>
<th>Fund Source (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burke Museum</td>
<td>$75</td>
<td>State: $50, Local: $5, Donor: $20, Debt: $</td>
</tr>
<tr>
<td>CAS - Lewis Hall Renovation</td>
<td>20</td>
<td>State: 20, Local: 20, Donor: $</td>
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<tr>
<td>CAS - Life Sciences Building I</td>
<td>160</td>
<td>State: 40, Local: 15, Donor: 25, Debt: 80</td>
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<tr>
<td>CoE - Computer Science &amp; Engineering Expansion</td>
<td>105</td>
<td>State: 40, Local: 5, Donor: 30, Debt: 30</td>
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<tr>
<td>Fluke Hall Renovation - C4C and MFF</td>
<td>32</td>
<td>State: 32, Local: 32, Donor: $</td>
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<tr>
<td>ICA - Basketball Operations and Practice Center</td>
<td>65</td>
<td>State: 10, Local: 55, Donor: $</td>
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<tr>
<td>SOM - South Lake Union Phase 3.2</td>
<td>152</td>
<td>State: 13, Local: 139, Donor: $</td>
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<tr>
<td>UW Bothell - Parking &amp; Transportation Improvements</td>
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<td>State: 26, Local: 26, Donor: $</td>
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<tr>
<td>UW Bothell - Student Housing &amp; Dining Phase 2</td>
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<td>State: 80, Local: 80, Donor: $</td>
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<tr>
<td>UW Seattle - Burke Gilman Trail Development Phase 2</td>
<td>22</td>
<td>State: 2, Local: 20, Donor: $</td>
</tr>
<tr>
<td>UW Seattle Student Housing - North Campus - Phase IVa</td>
<td>216</td>
<td>State: 11, Local: 205, Donor: $</td>
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<tr>
<td>UW Seattle Student Housing - North Campus - Phase IVb</td>
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<td>West Campus Central Utility Plant - Phase 1 (additional)</td>
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**Subtotal**: $1,236 State: $172, Local: $121, Donor: $85, Debt: $857

#### Other Potential Projects Seeking BOR Approval

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Budget Estimate (in millions)</th>
<th>Fund Source (in millions)</th>
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<tbody>
<tr>
<td>Applied Physics Laboratory Research Building</td>
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<td>UW Seattle Infrastructure - Hot Water Plant and Distribution</td>
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<td>West Campus Central Utility Plant - Phase 2</td>
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**Subtotal**: $1,024 State: $76, Local: $35, Donor: $241, Debt: $672

**Total**: $3,108 State: $309, Local: $326, Donor: $413, Debt: $2,060

* These projects are consistent with the One Capital Plan updated with most current information.
## Project: West Campus Utility Plant

**ESTIMATED DATE OF COMPLETION:** February 2017

### Project Budget

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<th>Services</th>
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<th>% of NPC*</th>
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<tr>
<td><strong>Net Project Cost before Contingency and Escalation (NPC)</strong>*</td>
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<table>
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Escalation at 3.5% per year to construction mid-point: $1,377,082 (4.1%)

**Total Project Costs:** $36,200,000 (108.9%)
## University of Washington

### 2015-2017 State Capital Budget Request and 10 Year Capital Plan

($ in 1,000s)

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**TOTAL State Appropriated**

---

**ATTACHMENT 4**
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<th>2015-2017 State Funds</th>
<th>2017-2019 State Funds</th>
<th>2019-2021 State Funds</th>
<th>2021-2023 State Funds</th>
<th>2023-2025 State Funds</th>
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Biennial TOTAL: 227,400, 64,000, 227,450, 64,000, 315,950, 64,000, 263,850, 64,000, 375,500, 64,000, 1,410,150
# UW 10 Year Capital Plan

## Proposed Projects by Tier and Program Use

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<th>Proposed Projects by Tier and Program Use</th>
<th>GSF</th>
<th>Total Cost/ GSF</th>
<th>Total Est Cost ($,000)</th>
<th>Range +/-</th>
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Sub Totals: - - 1,315,412

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UW 10 Year Capital Plan
Monday, June 02, 2014
Page 2 of 5
<table>
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<th>Proposed Projects by Tier and Program Use</th>
<th>GSF</th>
<th>Total Cost/ GSF</th>
<th>Total Est Cost ($,000)</th>
<th>Range +/-</th>
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<td>Interdiciplinary Classroom Building - Central Campus</td>
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<td>UW Botanical Gardens - Aboretum Education Building / Café</td>
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Research

- Applied Physics Laboratory Research Building | 150,000 | 800 | 120,000 | 20% |
- CAS - Guthrie Hall Addition | 160,000 | 731 | 117,000 | 20% |
- CAS - Kincaid Hall Renovation | 85,000 | 576 | 49,000 | 20% |
- CoE - Center for Advanced Materials and Clean Energy Technologies | 220,000 | 1,000 | 220,000 | 20% |
- CoE - Center for Interdisciplinary Research & Education - Phase I | 220,000 | 641 | 141,000 | 20% |
- CoE - Classroom & Research Renovation | 26,800 | 500 | 13,400 | 20% |
- CoE - Innovation Collaboration Center | 300,000 | 423 | 126,800 | 20% |
- CoE - Molecular Engineering Phase II | 78,000 | 679 | 53,000 | 15% |
- CoEduc - Haring Center for Education Research and Teaching | 75,000 | 400 | 30,000 | 20% |
- CoEnv - Research Vessel - Barnes Replacement | - | - | 13,500 | 20% |
- Core Research Facilities - IT Upgrade | - | - | 1,700 | 20% |
- Fluke Hall Renovation - C4C 2nd floor phase 2 | 9,500 | 300 | 2,850 | 20% |
- Health and Life Sciences - Hitchcock West | 150,000 | 1,156 | 173,400 | 20% |
- Portage Bench Research Center - UW/NOAA/Partners | 250,000 | 1,000 | 250,000 | 20% |
- SOM - South Lake Union Phase 3.2 | 171,000 | 895 | 153,000 | 15% |
- SOM - South Lake Union Phase 3.3 | 262,000 | 755 | 197,700 | 20% |
- SPH - Portage Bay Research Building I | 250,000 | 808 | 202,000 | 20% |
- UW Tacoma - Innovation Partnership Zone - Phase 2 | 60,000 | 467 | 28,000 | 20% |
- UW Tacoma - Innovation Partnership Zone - Phase 3 | 60,000 | 500 | 30,000 | 20% |

Student Life

- Childcare Center Expansion | 20,000 | 450 | 9,000 | 20% |

Sub Totals: 6,076,211 435 4,702,894
### Proposed Projects by Tier and Program Use

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<th>Project Description</th>
<th>Total Cost (GSF)</th>
<th>GSF Cost/ GSF</th>
<th>Total Est Cost ($,000)</th>
<th>Range +/-</th>
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<td>1,542</td>
<td>92,500</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Research</td>
<td>Core Research Facilities - K wing vivarium upgrades</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Research</td>
<td>Core Research Facilities - T wing vivarium upgrades</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Research</td>
<td>Foege West</td>
<td>175,000</td>
<td>1,100</td>
<td>192,500</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Research</td>
<td>Health and Life Sciences - Hitchcock East</td>
<td>70,000</td>
<td>1,000</td>
<td>70,000</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Research</td>
<td>Health Sciences Renovation - H Wing - Research Repurpose</td>
<td>132,000</td>
<td>417</td>
<td>55,000</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Research</td>
<td>Health Sciences Renovation - H&amp;F Core - Office Repurpose</td>
<td>202,000</td>
<td>235</td>
<td>47,500</td>
<td>20%</td>
</tr>
</tbody>
</table>
Proposed Projects by Tier and Program Use

<table>
<thead>
<tr>
<th>Project</th>
<th>GSF</th>
<th>Cost/ GSF</th>
<th>Total Cost ($,000)</th>
<th>Range +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Sciences Renovation - I Wing - Office &amp; Education Repurpose</td>
<td>135,000</td>
<td>237</td>
<td>32,000</td>
<td>20%</td>
</tr>
<tr>
<td>Health Sciences Renovation - RR Wing</td>
<td>140,512</td>
<td>750</td>
<td>105,384</td>
<td>20%</td>
</tr>
<tr>
<td>Portage Bay Research Building II</td>
<td>250,000</td>
<td>720</td>
<td>180,000</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Student Life</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>House of Knowledge Longhouse - Phase II</td>
<td>8,432</td>
<td>830</td>
<td>7,000</td>
<td>15%</td>
</tr>
<tr>
<td>OMAD - Instructional Center Renovation &amp; Addition</td>
<td>16,000</td>
<td>1,125</td>
<td>18,000</td>
<td>20%</td>
</tr>
<tr>
<td>UW Bothell - Student Activity Center Phase 2</td>
<td>23,000</td>
<td>652</td>
<td>15,000</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Sub Totals:</strong></td>
<td>3,685,595</td>
<td>525</td>
<td>2,359,604</td>
<td></td>
</tr>
<tr>
<td><strong>Total Tiers I, II, and III:</strong></td>
<td>9,761,806</td>
<td>425</td>
<td>8,377,910</td>
<td></td>
</tr>
</tbody>
</table>

Totals by Fund Source

**Tier I**
- State: 267,800
- Building Account: 430,612
- Local: 467,000
- Donor: -
- Debt: 150,000
- **Sub Total:** 1,315,412

**Tier II**
- State: 1,263,100
- Building Account: -
- Local: 440,500
- Donor: 1,020,500
- Debt: 1,978,794
- **Sub Total:** 4,702,894

**Tier III**
- State: 421,000
- Building Account: -
- Local: 77,525
- Donor: 975,800
- Debt: 885,279
- **Sub Total:** 2,359,604

**Total Tiers I, II, and III:** 8,377,910
University of Washington
Debt and Project Capacity Update

BOARD OF REGENTS
FINANCE AND ASSET MANAGEMENT COMMITTEE
March 12, 2015
HOW DOES THE UW THINK ABOUT PROJECT CAPACITY?

- Project capacity provides context and information to senior leaders and the Board about the University’s ability to fund capital.

- The capacity analysis is a sizing exercise, based on growth and rate assumptions. It does not imply that any particular project is able to be funded. Each project must undergo a separate due diligence process and be approved by the Board.

- The analysis is dynamic and can change for a variety of reasons, including interest rate projections, institutional growth assumptions, borrowing plans, and peer behavior.
HOW IS PROJECT CAPACITY MEASURED?

• Project capacity includes projects funded from both debt and the capital assets pool (CAP).

• Debt capacity is a component of project capacity and measures how much debt the University can issue while staying at or above peer minimums in three ratios. The three ratios are:
  • Debt Service Coverage
  • Debt to Operating Revenue
  • Expendable Financial Resources to Debt

• The peer group was put together based on several criteria:
  • All public schools, Aa2 and higher
  • Schools generating $1B+ in revenue
  • Schools with more than 10% of their revenues generated from health care
  • No ‘state-wide’ systems

• Project capacity is measured each year and presented to the Board of Regents in March.
IS PROJECT CAPACITY SUFFICIENT TO MEET FUTURE CAPITAL NEEDS?

Based on current projections, the University can fund up to $1.12 billion over the next five years through a combination of debt and CAP while maintaining its target financial ratios. This is about $224 million per year.

<table>
<thead>
<tr>
<th>5-Year Project Capacity Projection ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Capacity (2016-2020):</td>
</tr>
<tr>
<td>\textit{Plus: Remaining CAP}</td>
</tr>
<tr>
<td>Total Project Capacity</td>
</tr>
<tr>
<td>\textit{Less: Authorized Projects}</td>
</tr>
<tr>
<td>Remaining Project Capacity:</td>
</tr>
</tbody>
</table>

NOTE: University revenues and expenses are projected by business line, based on unit-level assumptions, and summarized in an institutional forecasting model (Future Perfect). Values in table are rounded.
WHY DOES PROJECT CAPACITY CHANGE OVER TIME?

Many factors impact project capacity; some the University can control, while others are outside of the University’s control.

Within UW’s Sphere of Control

Principal repayment: In 2015, University will pay $68 million in principal. Repaying debt increases debt capacity.

Additional borrowing: The University will fund $197 million of projects in 2015. $80 million is expected to come from debt and $117 million from the Capital Assets Pool (CAP). Authorizing projects decreases project capacity.

Growth: While growth in net operating income improves financial ratios and increases debt capacity, the University’s operating income was relatively flat in 2014 as compared to 2013.

Use of Institutional Funds: CAP allows for projects to be funded without external borrowing. The CAP limit is 10% of the Invested Funds (IF), which changes as the value of IF changes. The IF value has increased this year which has increased project capacity.

Not within UW’s Sphere of Control

Changes in peer behavior: The University estimates debt capacity based on peer medians. Peer behavior can either increase or decrease debt capacity. There was no change in this year’s peer ratios.

Interest rates: Future increases in interest rates decrease debt capacity.
WHAT ARE THE KEY TAKEAWAYS?

• Capacity estimates provide context and information to senior leaders and the Board about the University’s ability to fund capital.

• Project capacity will be reassessed for each project brought to the Board for approval, including how each project will impact the rate stabilization account (RSA) and ILP rate under a variety of interest rate assumptions.

• Independent of capacity considerations, all projects require a Board approved funding plan.

• Funding Board approved projects with institutional funds rather than debt increases the amount of projects that can be approved.
ADDITIONAL MATERIALS:
HOW HAS THE FORECASTING MODEL EVOLVED?

• The University estimates debt capacity using a financial forecasting tool that incorporates “Unit-Level” forecasts to create institutional Balance Sheet and Income Statements.

• Debt capacity calculation has evolved from a Treasury model into one that encapsulates forecasts from major business and educational units.

• Forecasting model measures the institutional impact of capital project decisions.

• Outside of Treasury, model is used for:
  • Enterprise Risk Management
  • Financial metrics
  • Communication with external stakeholders
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Debt Management Annual Report

INFORMATION

The Board of Regents is charged with adopting the University’s Debt Management Policy, establishing the University’s credit standards, adopting the Annual Bond Resolution allowing for issuance of external debt, and approving the use of the Internal Lending Program to fund capital projects.

In addition, the Board is responsible for oversight of University debt outstanding, credit ratings, and compliance with bond covenants and IRS regulations. The Debt Management Annual Report provides the Board with a broad overview of the debt portfolio, the macro challenges, capital needs and interest rate environment that could affect the University’s credit rating, a summary of the Internal Lending Program, and recent accomplishments and future plans.

The Debt Management Annual Report does not require Regental action and is presented to provide the Board with information and context to allow the Board to make informed decisions about the University’s debt and internal lending activities.

Attachment
Debt Management Annual Report
University of Washington
Debt Management
Annual Report

BOARD OF REGENTS
FINANCE AND ASSET MANAGEMENT COMMITTEE
March 12, 2015
WHAT IS THE BOARD OF REGENTS’ ROLE IN DEBT MANAGEMENT?

The debt management annual report informs the Board in its oversight role.

The Board of Regents are responsible for the following:

- **Board Oversight**
  - Guide University credit standards
  - Oversee debt outstanding, credit ratings, and compliance with bond covenants and IRS regulations

- **Board Action**
  - Adopt the debt policy
  - Adopt bond resolutions to allow for issuance of external debt
  - Approve Internal Lending Program (ILP) Loans
  - Establish ILP interest rate and rate stabilization account distributions
WHAT IS THE UW’S DEBT PROFILE FOR 2015?
(in millions as of March 12, 2015)

The University’s debt portfolio consists primarily of fixed rate debt.

Overview

- Only $50 million of variable rate outstanding (2%)
- Average borrowing rate for the portfolio is 3.8%
- Between $60 and $80 million in principal is repaid annually
- There are approximately $368 million in authorized projects remaining to be funded over the next four years
  - ILP Projects: $316 million
  - Non-ILP Projects: $52 million

UW Outstanding Debt by Type

- Total Debt: $2,181
- General Revenue Bonds, $1,480
- State Issued Bonds, Payable by UW, $171
- Lease Revenue Bonds, $289
- Other, $25
- CP, $50
- NWH, $86
- VMC (2), $80

Maximum Annual Debt Service: $178M

(1) Excludes Commercial Paper Principal Payments
(2) Excludes Valley LTGO Bonds
HOW DID THE MOST RECENT BOND ISSUE IMPACT INSTITUTIONAL RISK?

A large payment due in 2037 was reduced to lower both borrowing cost and institutional risk.

$218m in General Revenue Bonds were issued in January to refund three series of bonds and finance Metro Tract improvements

– Debt service payments through 2036 are $75 million lower
– All-in interest rate of 3.2%

Debt service was restructured to reduce institutional risk

– Earlier principal payments reduced borrowing costs and increased savings
– More principal payments in the early years allows for future borrowing flexibility
– The payment in 2037 is now $98 million lower

Pre-Refunding Debt Service Structure

Post-Refunding Debt Service Structure
HOW HAS UW’S CREDIT RATING CHANGED OVER TIME?

In January 2015, S&P changed the University’s outlook from positive to stable.

Agency Credit Rating by Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Moody's Scale</th>
<th>S&amp;P's Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Aaa stable</td>
<td>AAA stable</td>
</tr>
<tr>
<td>2005</td>
<td>Aaa negative</td>
<td>AAA negative</td>
</tr>
<tr>
<td>2006</td>
<td>Aa1 positive</td>
<td>AA+ positive</td>
</tr>
<tr>
<td>2007</td>
<td>Aa1 stable</td>
<td>AA+ stable</td>
</tr>
<tr>
<td>2008</td>
<td>Aa1 negative</td>
<td>AA+ negative</td>
</tr>
</tbody>
</table>

Reasons for the recent outlook change include:
- Continued uncertainty surrounding State support
- Expectations that operating margins at UW Medicine will continue to face pressure

The change in outlook:
- Occurred even though the debt burden did not increase
- Did not have a measurable impact on borrowing cost

UW estimates debt capacity based on financial ratios associated with peer group:
- Tradeoff between institutional mission and credit rating / borrowing cost
HOW FINANCIALLY HEALTHY IS THE UW?

The University has maintained its Aaa rating through steady research, healthcare and educational revenues.

In 2014, expendable financial resources could pay outstanding debt 1.6 times, slightly higher than 2013 primarily due to an increase in restricted expendable assets.

In 2014, net revenues were 2.9 times higher than annual debt service. The decrease from 2013 was due to an increase in debt service payments and a decrease in adjusted operating income.

In 2014, total outstanding debt was 50% of operating revenues, which is unchanged from 2013.

Other institutions in Aaa rating category: Indiana University, Purdue University, Texas A&M University System, University of Michigan, University of North Carolina - Chapel Hill, University of Texas System, and University of Virginia
WHICH UNIVERSITIES ARE IN THE UW’S PEER GROUP?

The University’s peer group is comprised of 13 institutions:

- Ohio State University
- Pennsylvania State University
- University of Iowa
- University of Alabama at Birmingham
- University of Arkansas
- University of Colorado
- University of Kentucky
- University of Michigan
- University of Nebraska
- University of New Mexico
- University of North Carolina at Chapel Hill
- University of Utah
- University of Virginia
- University of Washington

These universities meet the following criteria:

- All public universities rated Aa2 or higher by Moody’s
- Patient care revenue greater than 10% of total revenues
- Total revenue greater than $1 billion
- No state-wide “systems”
WHAT HAS BEEN THE COST OF UW DEBT OVER THE LAST 5 YEARS?

S&P’s recent outlook change from “positive” to “stable” had no measurable impact on borrowing cost.

Long Term Borrowing Rate  |  Short Term Borrowing Rate  |  Build America Bonds Rate
WHAT IS THE OUTLOOK FOR UW?

All of public higher education face financial challenges, but prudent capital investments can help UW manage these uncertainties into the future.

Macro challenges

– Uncertainty in health care presents challenges to universities with academic medical centers
– Budget challenges at the State level could pose financial risk to the University
– Uncertainty surrounding the amount and timing of federal funding persists, including Medicare and Medicaid, Pell Grants, research funding
– Limited willingness to raise tuition reduces financial flexibility

Interest rates are attractive for high grade issuers

– Long and short term rates remain near historic lows
– The difference between short-term and long-term rates is wide
– A narrow relationship exists between tax-exempt and taxable rates

The University’s ambitious capital plan exceeds ability to fund projects

– The FY14 One Capital Plan showed $6 billion of projects through 2024, with $2 billion coming from debt
– Increasing amount of debt has pressured credit ratings and could increase borrowing cost
– Higher debt service reduces financial flexibility and ability to withstand shocks
– Funding deferred maintenance remains challenging
– Thoughtful capital planning and careful debt management are positive factors
– The creation and use of the Capital Assets Pool partially mitigates the negative financial impact of funding projects
WHAT ARE THE REQUIRED COVENANTS FOR INTERNAL BORROWERS?

The creation of the General Revenue Bond platform and Internal Lending Program allowed the University to move away from externally imposed bond covenants.

- Financing agreements between the Treasury Office and internal borrowers impose fiscal discipline previously required by the external market
  - Debt service coverage and minimum reserve levels
  - Audited financial statements or revenue and expense summary
- Large borrowers report semi-annually to the Board, demonstrating proforma and actual results
- If covenants are not met, the department identifies and implements mitigation strategies

<table>
<thead>
<tr>
<th>Department</th>
<th>Loan Balance ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing and Food Services</td>
<td>$485.2</td>
</tr>
<tr>
<td>Central Administration</td>
<td>315.4</td>
</tr>
<tr>
<td>Intercollegiate Athletics</td>
<td>257.6</td>
</tr>
<tr>
<td>UW Medicine</td>
<td>233.8</td>
</tr>
<tr>
<td>Student Life</td>
<td>151.6</td>
</tr>
<tr>
<td>Real Estate</td>
<td>33.1</td>
</tr>
<tr>
<td>UW Bothell</td>
<td>15.7</td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>15.3</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>13.5</td>
</tr>
<tr>
<td>School of Dentistry</td>
<td>10.8</td>
</tr>
<tr>
<td>School of Global Health</td>
<td>1.7</td>
</tr>
<tr>
<td>Total Outstanding 12/31/2014</td>
<td>$1,533.9</td>
</tr>
</tbody>
</table>

ILP Loan Portfolio by Borrower (%)

- Housing and Food Services: 31.6%
- Central Administration: 15.2%
- Intercollegiate Athletics: 16.8%
- UW Medicine: 20.6%
- Student Life: 9.9%
- Other: 5.9%
HOW DOES THE INTERNAL LENDING PROGRAM WORK?

The ILP was created to provide a stable, long term interest rate to campus borrowers.

- Portfolio management (e.g. use of variable rate, borrow as funds are needed) can lower institutional borrowing costs
- The difference between external borrowing costs and interest collected contributes to the Rate Stabilization Account (RSA)
- The RSA is used to maintain a stable internal rate as external borrowing rates increase
- Sufficiency of the RSA is reviewed annually
The Rate Stabilization Account is sufficient for about 6 years at the new internal rate of 4.75%. No rate change is recommended at this time.

- The role of the Rate Stabilization Account (RSA) is to protect the University against rising interest rates. The larger the RSA balance, the more protection against having to raise the internal rate.
- Sufficiency is the amount needed in the RSA today to hold the internal rate stable for a period of time. It is calculated for 5, 10 and 30 years.
- Each year, the RSA sufficiency is recalculated based on interest rate scenarios and borrowing plans.
- Recent low interest rates have contributed to the RSA balance, but continued need for debt funding in a rising rate environment would put pressure on the RSA.
- Approval of the Capital Assets Pool reduced borrowing by over $200 million, mitigating rate risk to the RSA.

### Stress Case at 4.75% Internal Lending (6 years sufficiency)

<table>
<thead>
<tr>
<th>Borrowing Rate and Amount Assumptions for Stress Case</th>
<th>2015 - 2019</th>
<th>2020 - 2029</th>
<th>2030 - 2044</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing Rates: 5.50% - 6.50%</td>
<td>Additional Borrowing: $811M</td>
<td>Borrowing Rates: 6.75% - 6.10%</td>
<td>Additional Borrowing: $500M</td>
</tr>
<tr>
<td>Borrowing Rates: 5.50% - 6.50%</td>
<td>Additional Borrowing: $811M</td>
<td>Borrowing Rates: 6.75% - 6.10%</td>
<td>Additional Borrowing: $500M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Length of Stable ILP Rate</th>
<th>Today</th>
<th>2019</th>
<th>2024</th>
<th>2044</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficiency Balance Required Today</td>
<td>underfunded</td>
<td>sufficiency range</td>
<td>overlunded</td>
<td></td>
</tr>
<tr>
<td>$0</td>
<td>$4M</td>
<td>$75M</td>
<td>$728M</td>
<td></td>
</tr>
</tbody>
</table>

* Borrow to One Capital Plan through year 5. Years 6-30 reflect debt capacity recapture due to repayments.
WHAT ARE SOME RECENT ACCOMPLISHMENTS?

Key accomplishments included a restructure of the debt portfolio and the introduction of two new programs.

Issuance
- Sold $115 million of Lease Revenue Bonds in July 2014 at an interest rate of 3.39%
  - Bonds refunded debt issued to support South Lake Union Phase 2
  - Total debt service (through FY2038) was reduced by $15 million
- Sold $218.27 million of General Revenue Bonds in January 2015 at an interest rate of 3.19%
  - Bonds were issued to pay off $42.5 million of commercial paper for the Metro Tract and to refinance bonds that were used to purchase the UW Tower in 2008, the IMA in 2000, and the 4545 Building in 2006
  - Debt service was restructured to lower borrowing cost and reduce institutional risk
  - Total debt service (through 2037) was reduced by $75 million

Disclosure
- Semi-Annual Borrower Reports provide ongoing review of largest borrowers for Board
- Combined ILP Quarterly with Semi-Annual Borrower Reports into the Semi-Annual Debt Report. This report provides a portfolio and borrower overview

Program Development
- In FY14, the Board of Regents approved the creation of the Capital Assets Pool (CAP) to fund projects
  - The CAP was created to reduce external borrowing for approved projects
  - Program sized to 10% of the Invested Funds (~$227m as of 6/30/2014)
  - Projected CAP allocation for FY15 is ~$120 million
- In FY15 the Treasury Office implemented a new program to finance short-term assets more efficiently
HOW ARE SHORT-TERM ASSETS FINANCED AT THE UW?

The University implemented a program to efficiently finance short-term assets.

Historically, short-term assets have been financed using:
  - State Certificates of Participation
  - One-off leases

New “FAST” program offers potentially better alternative:
  - “FAST” stands for Financing Assets Short-Term
  - JP Morgan Chase developed a customized product to meet University needs

Characteristics of this program include:
  - Program size of $12 million
  - 3 – 10 year amortization at highly competitive fixed rates
  - Have already provided loans to 2 internal borrowers
    - $5.2 million to replace IT servers; 3-year tax-exempt loan at 1.2%
    - $1 million to fund project in Suzzallo Library; 10-year tax-exempt loan at 2.2%
    - $5.8 million of remaining authorization

Why FAST was established?
  - Reduce need for “one-off” lease financings
  - Better match useful life of asset to borrowing costs
  - Potential for faster funding (can now provide funds within one month of request)
  - Centralize oversight of short term loans
  - Eliminate collateralizing of university assets during financing term

As demand increases, the Board may be asked to increase program size
  - Current program authorized under existing Board delegation
WHAT ARE THE CURRENT INITIATIVES?

Current initiatives are focused on liquidity needs and debt issuance.

**Optimization of the CAP program**
- Examine liquidity levels to right-size CAP program
- Use of CAP program mitigates the need for external borrowing

**Debt Issuance**
- Issue fixed-rate debt for HR payroll to mitigate interest rate risk to campus
- Continue to look for ways to lower institutional borrowing cost
  - Increase variable rate exposure to target levels over time
  - Seek refunding opportunities

**Continue to improve policies and procedures surrounding private use**
B. Finance and Asset Management Committee

West Campus Utility Plant – Approve Budget Adjustment and Increase in Internal Lending Program Authorization

RECOMMENDED ACTIONS

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>West Campus Utility Plant</th>
</tr>
</thead>
</table>
| Today’s Actions: | 1. Approve a project budget adjustment from $30.5 million to $36.2 million; and  
2. Approve an increase in the Internal Lending Program authorization of $5.5 million, from $23 million to $28.5 million |
| Previous Actions: | September 2013:  
- Approved site selection  
- Adopted project budget ($30.5 million)  
- Approved use of Internal Lending Program ($23 million)  
- Authorized use of design-build contracting method  
- Delegated authority to award design-build contract |
| Justifications: | - Scope modifications to make the facility compatible with future requirements (up-zoning the University District)  
- Provide water side economizers for efficiency and better flexibility; improved efficiency chillers; underground fuel storage tanks for 96 hours of emergency power  
- Allow flexibility for future capacity and sustainable systems (heat recovery chillers; connections to off-site thermal energy storage system; etc.) |
| Plant in Service: | February 2017 |

INFORMATION

Background:

The purpose of the West Campus Utility Plant (WCUP) is to serve emergency power and chilled water loads for the new Animal Care Research Facility (ARCF), Magnuson Health Sciences and West Campus. The University is using the “progressive” design-build process and meets the $30.5 million budget that was approved at the September 2013 Regents meeting.

The City of Seattle is now exploring up-zoning the University District, which would result in significantly larger chilled water load requirements in the West Campus than were initially planned. In addition, the UW is currently
B. Finance and Asset Management Committee

West Campus Utility Plant – Approve Budget Adjustment and Increase in Internal Lending Program Authorization (continued pg. 2)

studying several new sustainability initiatives, including converting the campus heating system from steam to hot water, employing thermal energy storage, and using lake water cooling.

It is recommended that the current design be modified to include the addition of a partial basement of 1,600 square feet and enlarging the building footprint 800 square feet. This option provides the best value relative to maximizing the building site capacity and providing flexibility for the WCUP to be adapted to future sustainable initiatives. Also included are modest changes to improve operability, efficiency, maintainability, and the overall aesthetics of the facility.

The requested budget adjustment will provide: water side economizers for efficiency and better flexibility; secondary pumps for future thermal storage; improved efficiency chillers; and underground fuel storage tanks for 96 hours of emergency power. The additional space in the building will also allow flexibility for future capacity and sustainable systems such as: heat recovery chillers; connections to a potential future off site thermal energy storage system; future changes in technology; lake water cooling piping; and up to a total of 10,500 tons of mechanical chiller capacity.

Project Description:

The site for the new WCUP is the parcel identified in the UW Seattle Campus Master Plan as development site 41W (see Attachments 1 and2).

The WCUP is proposed to be a building containing generators, chillers, cooling towers and associated equipment. The building will be constructed adjacent to the existing campus utility tunnel, allowing direct access to the tunnel for distribution of electrical cabling and processed chilled water piping. When fully built out, the plant will have a capacity to produce 12 megawatts (MW) of emergency power and 6,000 tons of processed chilled water. Phase 1 will construct the complete building, install equipment to produce approximately half of the full capacity (6 MW and 3,000 tons), provide space and infrastructure for the future full equipment build-out and run distribution systems sized for the full build-out to the south campus. Emergency power and chilled water will be distributed to the tunnel junction SW-1, at which point the ARCF project will pick up those services for connection and distribution to the facility.

The WCUP is envisioned to be an architecturally significant building, given its prominent location on the southwest campus. Careful attention will be
B. Finance and Asset Management Committee

West Campus Utility Plant – Approve Budget Adjustment and Increase in Internal Lending Program Authorization (continued pg. 3)

given to ensuring that the design fits contextually with the surrounding community and is representative of its importance as a gateway building at the southwest approach to the campus. The design will incorporate a demonstration display element that will enable students and the public to gain an understanding of the University’s commitment to the environment and energy conservation.

The requested budget adjustment will provide: water side economizers for efficiency and better flexibility; secondary pumps for future thermal storage; improved efficiency chillers; and underground fuel storage tanks for 96 hours of emergency power. The additional space in the building will also allow flexibility for future capacity and sustainable systems such as: heat recovery chillers; connections to an off site thermal energy storage system; future changes in technology; lake water cooling piping; and up to a total of 10,500 tons chiller capacity.

Schedule:

<table>
<thead>
<tr>
<th>Task</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design-build team selection</td>
<td>September 2013 – June 2014</td>
</tr>
<tr>
<td>Design</td>
<td>September 2014 – October 2015</td>
</tr>
<tr>
<td>Construction</td>
<td>July 2015 – February 2017</td>
</tr>
<tr>
<td>Plant in Service</td>
<td>February 2017</td>
</tr>
</tbody>
</table>

Budget and Financing Plan:

The sources and uses for the project are as follows:

**Sources of Funds**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Lending Program</td>
<td>$28,482,000</td>
</tr>
<tr>
<td>University Funds</td>
<td>$8,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$36,482,000</strong></td>
</tr>
</tbody>
</table>

**Uses of Funds**

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Design and Construction</td>
<td>$36,200,000</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$282,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$36,482,000</strong></td>
</tr>
</tbody>
</table>

Annual Debt Service

(30 year amortization @4.75% ILP rate): $1,782,907

F–6/203-15  
3/12/15
B. Finance and Asset Management Committee

West Campus Utility Plant – Approve Budget Adjustment and Increase in Internal Lending Program Authorization (continued pg. 4)

The ILP loan will be repaid using ICR revenues and tuition operating funds. When the ILP Loan was first approved by the Board of Regents in September of 2013, debt service was projected to be $1.55 million / year. Should this item be approved, annual debt service is expected to be $235,000 higher.

The debt associated with the project was factored into the institutional debt capacity analysis when it was originally approved by the Board. The $6 million budget increase will have a minimal effect on institutional debt capacity.

Attachments
1. Vicinity Plan
2. Site Plan
3. Summary Project Budget
Project: West Campus Utility Plant

ESTIMATED DATE OF COMPLETION: February 2017

<table>
<thead>
<tr>
<th>Project Budget</th>
<th>Total Escalated Cost</th>
<th>% of NPC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Schematic Design Services</td>
<td>$436,865</td>
<td>1.31%</td>
</tr>
<tr>
<td>Construction Documents</td>
<td>$593,480</td>
<td>1.79%</td>
</tr>
<tr>
<td>Extra Services</td>
<td>$1,094,511</td>
<td>3.29%</td>
</tr>
<tr>
<td>Other Services</td>
<td>$210,000</td>
<td>0.63%</td>
</tr>
<tr>
<td>Consultant Services</td>
<td>$2,334,856</td>
<td>7.03%</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>$23,800,000</td>
<td>71.61%</td>
</tr>
<tr>
<td>Other Contracts</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Design-Build Costs</td>
<td>$2,470,000</td>
<td>7.43%</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$2,830,888</td>
<td>8.52%</td>
</tr>
<tr>
<td><strong>Total Design and Construction Cost</strong></td>
<td><strong>$29,100,888</strong></td>
<td><strong>87.56%</strong></td>
</tr>
<tr>
<td>Equipment &amp; Furnishings</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other Costs</td>
<td>$815,962</td>
<td>2.46%</td>
</tr>
<tr>
<td>Project Management</td>
<td>$983,712</td>
<td>2.96%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td><strong>$1,799,674</strong></td>
<td><strong>5.41%</strong></td>
</tr>
<tr>
<td><strong>Net Project Cost before Contingency and Escalation (NPC)</strong></td>
<td><strong>$33,235,418</strong></td>
<td><strong>100.00%</strong></td>
</tr>
<tr>
<td>Design Services Contingency</td>
<td>$40,500</td>
<td>0.1%</td>
</tr>
<tr>
<td>Construction Contingencies</td>
<td>$1,398,488</td>
<td>4.2%</td>
</tr>
<tr>
<td>Sales Tax Contingency</td>
<td>$148,512</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Total Contingency</strong></td>
<td><strong>$1,587,500</strong></td>
<td><strong>4.8%</strong></td>
</tr>
<tr>
<td>Escalation at 3.5% per year to construction mid-point</td>
<td>$1,377,082</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>$36,200,000</strong></td>
<td><strong>108.9%</strong></td>
</tr>
</tbody>
</table>
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

University Advancement Benchmarking Annual Report

This item is for information only.

Attachments

1. Benchmarking University Advancement Performance
2. Public Research/Doctoral Universities – FY14
4. HECB Peers Institutions – FY14
5. Global Universities – FY14
Originally known as the Council for Financial Aid to Education, CAE was established in 1952 by a group of enlightened business executives under the leadership of Alfred P. Sloan, Jr. (General Motors), Frank W. Abrams (Exxon Corporation), and Irving S. Olds (United States Steel Corporation) to advance corporate support of higher education. CAE's primary purpose was: "To promote a better understanding of the substantial contribution which higher education makes to the effectiveness, skill, growth, and success of American business, and to the development of the country."

CAE was the first organization in the US to regularly provide statistical analyses of private giving to higher education on a national basis. CAE's Voluntary Support of Education (VSE) survey is the authoritative national source of information on private giving to higher education and private K-12, consistently capturing about 85 percent of the total voluntary support to colleges and universities in the United States. CAE has managed the survey as a public service for over 50 years.

## Public Research/Doctoral Universities - FY14

ranked by 5-year contribution average

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Grand Total 5-Year Average</th>
<th>5-Year Average</th>
<th>Alumni Participation</th>
<th># Alumni Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University of California-Los Angeles</td>
<td>$394,323,590</td>
<td>8.1%</td>
<td>425,450</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>University of Washington</td>
<td>$350,992,609</td>
<td>13.5%</td>
<td>354,032</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>University of California-Berkeley</td>
<td>$348,685,806</td>
<td>8.3%</td>
<td>446,426</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Indiana University</td>
<td>$329,218,287</td>
<td>10.7%</td>
<td>566,420</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>University of Michigan</td>
<td>$322,794,887</td>
<td>9.9%</td>
<td>537,260</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>University of Texas at Austin</td>
<td>$308,868,565</td>
<td>11.4%</td>
<td>474,556</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Ohio State University</td>
<td>$288,062,828</td>
<td>14.5%</td>
<td>496,083</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>University of North Carolina at Chapel Hill</td>
<td>$280,970,223</td>
<td>14.1%</td>
<td>285,805</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Texas A&amp;M University</td>
<td>$232,742,903</td>
<td>23.0%</td>
<td>411,008</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Penn State University</td>
<td>$220,861,227</td>
<td>10.1%</td>
<td>701,122</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>University of Florida</td>
<td>$198,465,458</td>
<td>12.3%</td>
<td>372,820</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>University of Arizona</td>
<td>$163,838,605</td>
<td>6.9%</td>
<td>224,539</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Purdue University</td>
<td>$156,287,686</td>
<td>9.1%</td>
<td>436,713</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>University of Oklahoma</td>
<td>$155,358,805</td>
<td>14.0%</td>
<td>181,528</td>
<td></td>
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<tr>
<td>15</td>
<td>University of Illinois at Urbana-Champaign</td>
<td>$151,276,401</td>
<td>7.6%</td>
<td>436,604</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>University of California-San Diego</td>
<td>$135,981,507</td>
<td>6.5%</td>
<td>139,219</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Michigan State University</td>
<td>$126,621,159</td>
<td>8.5%</td>
<td>538,968</td>
<td></td>
</tr>
</tbody>
</table>

©2015 CAE

Source: The Council for Aid to Education’s VSE Survey/VSE Data Miner

February 23, 2015
Public and Private Research/Doctoral Universities - FY14  
ranked by 5-year contribution average

| Rank | University                                | Grand Total 5-year average | Alumni Participation | # Alumni Record |
|------|-------------------------------------------|----------------------------|----------------------|-----------------|-----------------|
| 1    | Stanford University                       | $840,637,931               | 27.5%                | 182,044         |
| 2    | Harvard University                        | $766,845,000               | 18.7%                | 346,833         |
| 3    | University of Southern California         | $545,345,055               | 24.4%                | 256,643         |
| 4    | Johns Hopkins University                  | $505,167,029               | 8.8%                 | 161,636         |
| 5    | Columbia University                       | $500,972,287               | 13.6%                | 283,237         |
| 6    | Yale University                           | $475,922,788               | 31.8%                | 152,692         |
| 7    | Massachusetts Institute of Technology     | $399,830,526               | 23.8%                | 133,124         |
| 8    | New York University                       | $397,527,645               | 6.2%                 | 489,110         |
| 9    | Cornell University                        | $395,146,317               | 19.5%                | 209,398         |
| 10   | University of California-Los Angeles      | $389,912,168               | 8.1%                 | 425,450         |
| 11   | Duke University                           | $381,421,987               | 29.1%                | 148,100         |
| 12   | University of Washington                  | $348,964,483               | 13.5%                | 354,032         |
| 13   | University of California-Berkeley         | $345,428,860               | 8.3%                 | 446,426         |
| 14   | Indiana University                        | $326,768,216               | 10.7%                | 566,420         |
| 15   | University of Michigan                    | $319,586,478               | 9.9%                 | 537,260         |
| 16   | University of Texas at Austin             | $306,456,425               | 11.4%                | 474,556         |
| 17   | University of Chicago                     | $289,708,526               | 20.5%                | 156,735         |
| 18   | Ohio State University                     | $286,863,537               | 14.5%                | 496,083         |
| 19   | University of North Carolina at Chapel Hill| $279,263,139               | 14.1%                | 285,805         |
| 20   | Texas A&M University                      | $229,817,736               | 23.0%                | 411,008         |

©2015 CAE
<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Grand Total 5-Year Average</th>
<th>Alumni Participation</th>
<th># Alumni Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cornell University</td>
<td>$401,886,286</td>
<td>19.5%</td>
<td>209,398</td>
</tr>
<tr>
<td>2</td>
<td>University of California-Los Angeles</td>
<td>$394,323,590</td>
<td>8.1%</td>
<td>425,450</td>
</tr>
<tr>
<td>3</td>
<td>University of Washington</td>
<td><strong>$350,992,609</strong></td>
<td>13.5%</td>
<td><strong>354,032</strong></td>
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<td>$322,794,887</td>
<td>9.9%</td>
<td>537,260</td>
</tr>
<tr>
<td>5</td>
<td>University of Chicago</td>
<td>$292,419,592</td>
<td>20.5%</td>
<td>156,735</td>
</tr>
<tr>
<td>6</td>
<td>Ohio State University</td>
<td>$288,062,828</td>
<td>14.5%</td>
<td>496,083</td>
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<td>6.9%</td>
<td>224,539</td>
</tr>
<tr>
<td>11</td>
<td>University of Utah</td>
<td>$162,293,282</td>
<td>5.6%</td>
<td>247,236</td>
</tr>
<tr>
<td>12</td>
<td>University of California-San Diego</td>
<td>$135,981,507</td>
<td>6.5%</td>
<td>139,219</td>
</tr>
<tr>
<td>13</td>
<td>Michigan State University</td>
<td>$126,621,159</td>
<td>8.5%</td>
<td>538,968</td>
</tr>
<tr>
<td>14</td>
<td>University of Iowa</td>
<td>$122,929,329</td>
<td>10.0%</td>
<td>292,993</td>
</tr>
<tr>
<td>15</td>
<td>University of Pittsburgh-Pittsburgh Campus</td>
<td>$118,572,194</td>
<td>9.5%</td>
<td>265,078</td>
</tr>
<tr>
<td>16</td>
<td>University of Cincinnati</td>
<td>$111,684,057</td>
<td>7.6%</td>
<td>246,576</td>
</tr>
<tr>
<td>17</td>
<td>University of California-Davis</td>
<td>$111,498,231</td>
<td>4.8%</td>
<td>240,909</td>
</tr>
<tr>
<td>18</td>
<td>University of Missouri-Columbia</td>
<td>$94,888,746</td>
<td>14.5%</td>
<td>228,400</td>
</tr>
<tr>
<td>19</td>
<td>University of California-Irvine</td>
<td>$87,923,406</td>
<td>3.1%</td>
<td>139,076</td>
</tr>
<tr>
<td>20</td>
<td>University of Kentucky</td>
<td>$80,709,346</td>
<td>14.7%</td>
<td>198,050</td>
</tr>
<tr>
<td>21</td>
<td>University of New Mexico</td>
<td>$64,100,185</td>
<td>4.0%</td>
<td>173,010</td>
</tr>
</tbody>
</table>
## Global Universities - FY14
ranked by 5-year contribution average

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Grand Total 5-Year Average</th>
<th>Alumni Participation</th>
<th># Alumni Record</th>
</tr>
</thead>
<tbody>
<tr>
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<td>University of Washington</td>
<td>$350,992,609</td>
<td>13.5%</td>
<td>354,032</td>
</tr>
<tr>
<td>3</td>
<td>University of California-San Diego</td>
<td>$135,981,507</td>
<td>6.5%</td>
<td>139,219</td>
</tr>
<tr>
<td>4</td>
<td>University of California-Davis</td>
<td>$111,498,231</td>
<td>4.8%</td>
<td>240,909</td>
</tr>
<tr>
<td>5</td>
<td>Rutgers University</td>
<td>$99,265,146</td>
<td>6.3%</td>
<td>423,006</td>
</tr>
<tr>
<td>6</td>
<td>University of Maryland</td>
<td>$87,946,592</td>
<td>5.8%</td>
<td>314,120</td>
</tr>
<tr>
<td>7</td>
<td>University of California-Irvine</td>
<td>$87,923,406</td>
<td>3.1%</td>
<td>139,076</td>
</tr>
<tr>
<td>8</td>
<td>University of Connecticut</td>
<td>$40,180,267</td>
<td>6.8%</td>
<td>273,381</td>
</tr>
<tr>
<td>9</td>
<td>University of Massachusetts Amherst</td>
<td>$37,441,663</td>
<td>10.3%</td>
<td>215,294</td>
</tr>
</tbody>
</table>

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VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

2015-16 Student Housing and Dining Fee Rate Approval at UW Seattle

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve the proposed 2015–16 student housing and dining rates for the University of Washington Seattle, making the proposed rates effective July 1, 2015.

BACKGROUND

Housing & Food Services (HFS) plays an integral role in supporting the University’s mission by providing residential communities that support students’ development with a focus on personal and academic success. HFS houses 7,562 students and families and works in partnership with Blanton Turner (a management company) in housing an additional 998 residents.

HFS also operates restaurants, espresso bars, and markets across campus. Students who live in most nine-month residences are required to have a dining account—a prepaid card that can be used at any HFS dining location.

OPERATIONS

HFS anticipates a net increase of .3% in normal operating expenses for residence halls and single student apartments. Per the Housing Master Plan, HFS also collects a 2% increase on current rates for these room types. HFS anticipates a 1% increase in normal operating expenses for Family Housing.

Housing Master Plan

In March 2008, the Regents approved an annual 2% rate increase for the Housing Master Plan. The increase reflects the amount needed to sustain the new debt load incurred in developing new student housing. The increase will be reviewed in later phases of the Housing Master Plan and will be discontinued when rates are sufficient to maintain minimum debt service coverage and operating reserve requirements.

Utilities

In residence halls and single student apartments, utilities such as power, water, steam, and gas did not require an increase. This is due to efficient, new facilities
performing better than projections. Additionally, a technology recharge rate and Ethernet increase was offset by a significant decrease in the HuskyTV rate. As a result, the total utility budget has been decreased for residence halls and single student apartments. HuskyTV and UW IT-provided Ethernet are not available in Family Housing units; therefore, these facilities were not impacted by the changes in these rates.

*Operational Increases*

Mandated *step* and *cost-of-living* increases (contract classified staff), minimum wage increases, merit increases, estimated benefit load changes, and room and dining compensation changes contribute to increases in labor expenses.

Annual adjustments to the recharge methodology resulted in lower custodial costs for residence hall and single student apartments. Family Housing expenses are anticipated to increase as a result of repair and maintenance work (and related supplies) planned for the 2015–16 fiscal year.

HFS uses the Bureau of Labor Statistics’ Consumer Price Index (CPI) as an indicator of movement in the cost of food. The December 2014 CPI indicated an estimated increase of 2–3% in both food-at-home and food-away-from-home items while the year-over-year (2013 to 2014) price change in food is reported at 3.4%. Using this data as a price indicator, 3% was used as the estimated 2015–16 food cost growth multiplier. Modifications to purchasing strategies provided some savings, resulting in the overall increase for food to 2.9%.

*Interest Rate Reduction for Internal Lending Program*

In January 2015, the Board of Regents approved a reduction in the interest rate for loans secured from the Internal Lending Program (ILP). The reduction in the interest rate for HFS is sufficient to offset anticipated increases in operational expenses for residence halls and single student apartments, as well as for dining operations.
B. Finance and Asset Management Committee

2015-16 Student Housing and Dining Fee Rate Approval at UW Seattle
(continued pg. 3)

Housing Rate Proposal

<table>
<thead>
<tr>
<th>Housing Master Plan</th>
<th>Residence Halls</th>
<th>Single Student Apartments</th>
<th>Family Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities (Telecom, Electricity, Waste, and Water)</td>
<td>(0.3%)</td>
<td>(0.3%)</td>
<td>0.0%</td>
</tr>
<tr>
<td>Labor</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Maintenance, Supplies, and Services</td>
<td>(0.1%)</td>
<td>(0.1%)</td>
<td>0.5%</td>
</tr>
<tr>
<td>Administration</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Internal Lending Program (ILP) Rate Reduction</td>
<td>(2.3%)</td>
<td>(2.3%)</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Room Rate Increase</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>1.0%</strong></td>
</tr>
</tbody>
</table>

Dining Rate Proposal

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Residence Halls</th>
<th>Single Student Apartments</th>
<th>Family Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>1.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Food</td>
<td>2.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>0.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Lending Program (ILP) Rate Reduction</td>
<td>(4.7%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.0%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PROPOSED RATES

The proposed room rates for 2015–16 reflect no increase for residence halls and single student apartments. A list of rates for the 2015–16 year is included in Attachment 3.

Family Housing

The proposed rates for Family Housing apartments reflect an increase of 1.0%. For Family Housing, the increase ranges from $22–28 per month, depending on unit size and location (Attachment 5).

Dining

1 The practice of maintaining Family Housing rates below those of the private market is reflected in this recommendation (Attachment 5).
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

2015-16 Student Housing and Dining Fee Rate Approval at UW Seattle
(continued pg. 4)

The proposed dining plan rates for 2015–16 reflect no increase for all dining levels (Attachment 6).

Reserve Requirements and Debt Service Coverage Ratios

The budget supported by the proposed rates allows HFS to:

- Remain financially stable and meet its Internal Lending Program (ILP) obligations to maintain a ratio of net revenues to annual debt service of at least 1.25:1; and

- Meet minimum reserve requirements under the ILP financing agreement.

REVIEW AND APPROVAL

On January 21, 2015, letters were sent to all Family Housing apartment residents informing them of the proposed rates and inviting them to a community meeting on January 28, 2015.

On January 28, 2015, a community meeting was held at Laurel Village for all residents of Family Housing.

On January 28, 2015, the operating budget and housing and dining rates were discussed with the Residential Community Student Association (RCSA) General Council, including representatives from residence halls and single student apartments.

Letters detailing the rate proposal were sent to all residence hall and single student apartment residents on January 29, 2015, inviting them to Hall Council meetings on February 2, 2015.

On February 2, 2015, the proposal was discussed at Hall Council and single student apartment building meetings.

On February 4, 2015, RCSA voted to endorse the rate proposal.

This proposal has also been discussed with the presidents of the UW Graduate and Professional Student Senate and the Associated Students of the UW as well as the UW Student Regent.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

2015-16 Student Housing and Dining Fee Rate Approval at UW Seattle
(continued pg. 5)

The UW Vice President for Student Life has reviewed and approved this recommendation.

Attachments
1. Room and Dining Rates of Comparable Universities, Traditional Double
2. Room and Dining Rates of Comparable Universities, Double With Bath
3. Proposed 2015–16 Residence Hall Academic Year Rates
4. Proposed 2015–16 Single Student Apartment Rental Rates
5. Proposed 2015–16 Family Housing Apartment Monthly Rental Rates
6. Proposed 2015–16 Academic Year Dining Rates
Many of the universities on this chart are in preliminary stages of setting rates for 2015-16, and these rates should not be viewed as final. For comparative purposes, room costs for the schools named above are shown at the double room rate. Board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, $2,457 for 2015–16.

*Trends in College Pricing October 2014, College Board

N/A: Not available at time of survey
### Room and Dining Rates of Comparable Universities

#### OFM and Global Challenge Universities

**Traditional Double**

<table>
<thead>
<tr>
<th>University</th>
<th>2014-15</th>
<th>Prelim 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Washington</td>
<td>$8,238</td>
<td>$8,238</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td>$8,466</td>
<td>$8,644</td>
</tr>
<tr>
<td>University of Arizona</td>
<td>$8,870</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Iowa</td>
<td>$8,947</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>$10,060</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>$10,246</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Illinois at Urbana-Champaign</td>
<td>$10,196</td>
<td>10,348</td>
</tr>
<tr>
<td>University of California, San Diego</td>
<td>$10,765</td>
<td>10,980</td>
</tr>
<tr>
<td>University of Maryland, College Park</td>
<td>$11,353</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>$11,097</td>
<td>11,430</td>
</tr>
<tr>
<td>University of Massachusetts, Amherst</td>
<td>$10,715</td>
<td>11,488</td>
</tr>
<tr>
<td>University of Connecticut</td>
<td>$11,542</td>
<td>N/A</td>
</tr>
<tr>
<td>Rutgers University</td>
<td>$11,493</td>
<td>11,838</td>
</tr>
<tr>
<td>University of California, Irvine</td>
<td>$12,639</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Colorado</td>
<td>$12,405</td>
<td>12,777</td>
</tr>
<tr>
<td>University of California, Los Angeles</td>
<td>$12,772</td>
<td>13,283</td>
</tr>
<tr>
<td>University of California, Davis</td>
<td>$13,497</td>
<td>13,834</td>
</tr>
<tr>
<td>University of California, Berkeley</td>
<td>$14,812</td>
<td>14,812</td>
</tr>
</tbody>
</table>

Many of the universities on this chart are in preliminary stages of setting rates for 2015-16, and these rates should not be viewed as final. For comparative purposes, room costs for the schools named above are shown at the double room rate. Board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, $2,457 for 2015–16.

N/A: Not available at time of survey
Many of the universities on this chart are in preliminary stages of setting rates for 2015-16, and these rates should not be viewed as final. For comparative purposes, board plans vary depending on the types of programs offered. The board costs shown above reflect fixed dining plans ranging from approximately 7–16 meals per week (or an equivalent level on a point system) unless a higher minimum dining plan is required. The amount of board included for new residents at the University of Washington is the Level 1 Dining Plan, $2,457 for 2015–16.

* Not available at time of survey. Used current 2014-15 rate for comparative purposes.
# Proposed 2015–16 Residence Hall Academic Year Rates Including Dining Alternatives

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Traditional Double</th>
<th>Traditional Single</th>
<th>Double w/ Private Bath</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Year Room Rate</td>
<td>$5,781</td>
<td>$7,077</td>
<td>$8,628</td>
</tr>
<tr>
<td>Husky Card Deposit(^1)</td>
<td>108</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>Dining Level RR Deposit</td>
<td>2,316</td>
<td>2,316</td>
<td>2,316</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level RR Deposit</td>
<td>8,205</td>
<td>9,501</td>
<td>11,052</td>
</tr>
<tr>
<td>Dining Level 1 Deposit</td>
<td>2,457</td>
<td>2,457</td>
<td>2,457</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 1 Deposit</td>
<td>8,346</td>
<td>9,642</td>
<td>11,193</td>
</tr>
<tr>
<td>Dining Level 2 Deposit</td>
<td>2,808</td>
<td>2,808</td>
<td>2,808</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 2 Deposit</td>
<td>8,697</td>
<td>9,993</td>
<td>11,544</td>
</tr>
<tr>
<td>Dining Level 3 Deposit</td>
<td>3,162</td>
<td>3,162</td>
<td>3,162</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 3 Deposit</td>
<td>9,051</td>
<td>10,347</td>
<td>11,898</td>
</tr>
<tr>
<td>Dining Level 4 Deposit</td>
<td>3,513</td>
<td>3,513</td>
<td>3,513</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 4 Deposit</td>
<td>9,402</td>
<td>10,698</td>
<td>12,249</td>
</tr>
<tr>
<td>Dining Level 5 Deposit</td>
<td>4,215</td>
<td>4,215</td>
<td>4,215</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 5 Deposit</td>
<td>10,104</td>
<td>11,400</td>
<td>12,951</td>
</tr>
<tr>
<td>Dining Level 6 Deposit</td>
<td>5,652</td>
<td>5,652</td>
<td>5,652</td>
</tr>
<tr>
<td>Total Room, Husky Card and Dining Level 6 Deposit</td>
<td>11,541</td>
<td>12,837</td>
<td>14,388</td>
</tr>
</tbody>
</table>

\(^1\) Seventy-nine percent of residence hall rooms are included in these room types. Limited other room types are available, such as new residence hall studios and singles.

\(^2\) Double rooms in Mercer Court buildings A and B will be at the same rate as double rooms with private baths.

\(^3\) A $108 Husky Card deposit for laundry is required of all residents and is refundable if not used.
# Proposed 2015–16 Single Student Apartment Rental Rates

<table>
<thead>
<tr>
<th>Unit</th>
<th>Contract Period</th>
<th>Current Rate</th>
<th>Proposed 2015–16 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cedar Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>12 Month</td>
<td>$1,144</td>
<td>$1,144</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>12 Month</td>
<td>1,107</td>
<td>1,107</td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>12 Month</td>
<td>1,087</td>
<td>1,087</td>
</tr>
<tr>
<td>Mercer Court C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>Academic Year</td>
<td>10,344</td>
<td>10,344</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>Academic Year</td>
<td>10,998</td>
<td>10,998</td>
</tr>
<tr>
<td>Three and Four Bedroom</td>
<td>Academic Year</td>
<td>10,776</td>
<td>10,776</td>
</tr>
<tr>
<td>Five and Six Bedroom</td>
<td>Academic Year</td>
<td>11,136</td>
<td>11,136</td>
</tr>
<tr>
<td>Mercer Court D, E</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>12 Month</td>
<td>1,144</td>
<td>1,144</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>12 Month</td>
<td>1,107</td>
<td>1,107</td>
</tr>
<tr>
<td>Three and Four Bedroom</td>
<td>12 Month</td>
<td>1,087</td>
<td>1,087</td>
</tr>
<tr>
<td>Five and Six Bedroom</td>
<td>12 Month</td>
<td>1,124</td>
<td>1,124</td>
</tr>
<tr>
<td>Stevens Court A–D, L</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Four and Six Bedroom</td>
<td>Academic Year</td>
<td>7,554</td>
<td>7,554</td>
</tr>
<tr>
<td>Stevens Court J, K, M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Four Bedroom</td>
<td>12 Month</td>
<td>838</td>
<td>838</td>
</tr>
</tbody>
</table>
# PROPOSED 2015–16 FAMILY HOUSING APARTMENT MONTHLY RENTAL RATES

<table>
<thead>
<tr>
<th>Unit</th>
<th>Current Rate</th>
<th>Proposed 2015–16 Rate</th>
<th>2014 Private Market Rent(^1)</th>
<th>Percentage Below Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laurel/Blakeley Village</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$937</td>
<td>$946</td>
<td>$1,392</td>
<td>32%</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>1,030</td>
<td>1,040</td>
<td>No Identical Product</td>
<td>53% Below 3 BR/1+ Bath</td>
</tr>
</tbody>
</table>

| Stevens Court J, K, M       |              |                       |                                |                         |
| One Bedroom                 | 904          | 913                   | 1,337                          | 32%                     |
| Small One Bedroom           | 810          | 818                   | No Identical Product           | 30% Below Studio        |

\(^1\) Source for private market rent: *Apartment Insights Washington*, fourth quarter, 2014. Average rents for University District area.
# Proposed 2015–16 Academic Year Dining Rates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Level RR</td>
<td>$2,316</td>
<td>$2,316</td>
<td>$0</td>
<td>$2,316</td>
<td>0%</td>
</tr>
<tr>
<td>Level 1</td>
<td>2,457</td>
<td>2,457</td>
<td>0</td>
<td>2,530</td>
<td>3</td>
</tr>
<tr>
<td>Level 2</td>
<td>2,808</td>
<td>2,808</td>
<td>0</td>
<td>2,920</td>
<td>4</td>
</tr>
<tr>
<td>Level 3</td>
<td>3,162</td>
<td>3,162</td>
<td>0</td>
<td>3,288</td>
<td>4</td>
</tr>
<tr>
<td>Level 4</td>
<td>3,513</td>
<td>3,513</td>
<td>0</td>
<td>3,688</td>
<td>5</td>
</tr>
<tr>
<td>Level 5</td>
<td>4,215</td>
<td>4,215</td>
<td>0</td>
<td>4,425</td>
<td>5</td>
</tr>
<tr>
<td>Level 6</td>
<td>5,652</td>
<td>5,652</td>
<td>0</td>
<td>5,934</td>
<td>5</td>
</tr>
</tbody>
</table>
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

2015-16 Student Housing Rate Approval at UW Bothell

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents approve the proposed 2015–16 bed rates for student housing, within the University of Washington Bothell Housing & Residential Life program, making the proposed rates effective July 1, 2015.

BACKGROUND

Each year the Student Housing Office reviews the annual housing budget to determine the next academic year’s rental rates for the Housing and Residential Life program. Through this review process, the Student Housing Office works diligently to involve the student housing residents in this budget review process and discussion.

The University of Washington Bothell launched the student housing program in 2009 and continues to provide opportunity for students to live and learn amongst their peers in collegial environment. The Housing and Residential Life Program is currently comprised of double and single bedroom options within apartment style units, for a total of 273 beds.

PROPOSED RATES

The proposed 2015-16 student housing bed rates represent a net increase of 0% percent (zero) in 2015-16 for shared bedroom occupancy. The proposed room rates for students in a single room represent a net increase of 0% percent (zero), in 2015-16.

The Housing and Residential Life program is pleased to announce that we are proposing a 0% increase to the housing rates for the 2015-16 academic year. This is due in part to an announced interest rate reduction the program received from the UW Internal Lending Program on the current loan for the Husky Village Property effective April 2015. The program is able to apply the reduced interest rate savings to projected expense increases for the 2015-16 year.

The proposed rate table below presents the proposed 2015-16 rates schedule for the Housing and Residential Life program at UW Bothell.
B. Finance and Asset Management Committee

2015-16 Student Housing Rate Approval at UW Bothell (continued pg. 2)

<table>
<thead>
<tr>
<th>Property</th>
<th>Agreement Period</th>
<th>Current Rate</th>
<th>Proposed 2015-16 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Husky Village Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double Bedroom</td>
<td>Academic Year</td>
<td>$8,235</td>
<td>$8,235</td>
</tr>
<tr>
<td>Single Bedroom</td>
<td>Academic Year</td>
<td>$11,355</td>
<td>$11,355</td>
</tr>
<tr>
<td>Campus View Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double Bedroom</td>
<td>Academic Year</td>
<td>$8,235</td>
<td>$8,235</td>
</tr>
</tbody>
</table>

The recommended rates will allow the program to remain financially stable and meet its Internal Lending Program (ILP) obligations. Under provisions of the ILP, the Program must maintain a ratio of net revenues to annual debt service of at least 1.25:1. Based on the proposed rate schedules and anticipated expenditures, coverage for the System for 2015-16 will meet this threshold.

REVIEWS AND APPROVALS

The Housing & Residential life staff met with the Residence Hall Association (RHA) as well as the Associated Students at UW Bothell (ASUWB) to discuss the annual budget and rates review process. These meetings with the student groups provided opportunity to share information, hear concerns, and address questions from the students related to the cost associated with living on campus.

On January 6, 2015, the annual budget and rates review process were discussed with ASUWB and with the RHA. Both group’s comments and feedback were taken back to the administration for consideration.

On January 23, 2015 letters were sent to all housing residents informing them of the proposed rates and inviting them to community meetings on January 27th, 2015.

On January 27, 2015 the final housing rate proposal was presented to the ASUWB and as an informational item for their review.

Also on January 27, 2015 the final housing rate proposal was taken to the RHA for their review and endorsement. The RHA reviewed the proposal and voted to endorse the proposed rates.

The rate proposal was also reviewed and endorsed by the RHA on January 27th, 2015.

The Chancellor and Vice Chancellor for Administration and Planning have reviewed and approved this recommendation.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Efficiencies Item – UW Real Estate Office

For information only.

BACKGROUND

The University of Washington Real Estate Office (UWRE) provides strategic asset management and comprehensive real estate services in support of the University’s mission of teaching, research, and community service.

The University’s real estate services requirements are extensive and include campus property acquisitions; managing significant commercial real estate holdings in downtown Seattle; leasing office, laboratory, clinic, residential, and industrial space in the greater Seattle area; the provision of auxiliary services via retail leases; international leasing; managing access to owned property; managing real estate gifts; and the sale of surplus property.

Among our peer universities, UWRE has one of the largest and most varied portfolios under management. This is largely due to 3 factors:

1) the University’s success at generating federal research funding has led to a significant amount of off-campus leasing to meet space needs;

2) the Metropolitan Tract is unique as a commercially developed center city asset still owned after more than 150 years; and

3) the regional and international reach of UW drives a variety of real estate requirements, from property permits for a network of seismic stations throughout the Pacific Northwest, to clinical training facilities in Africa.

As a central services organization, UWRE has a history of creative approaches to deliver real estate solutions. We were an early adopter of public private partnerships, and more than twenty years ago accomplished the first University real estate project financed with tax-exempt lease revenue bonds, in collaboration with UW Treasury. This led to many more similarly financed projects over the next two decades, including residential, clinical, office and laboratory facilities. Other public agencies followed our lead, and now this type of financing is common throughout Washington as well as other states.

UWRE has an office culture that values continuous improvement and increased efficiency. In 2009, as part of Finance & Facilities, we adopted a modified version of
B. Finance and Asset Management Committee

Efficiencies Item – UW Real Estate Office (continued pg. 2)

Lean, with 100% engagement among our staff. Even our interns have led process improvement initiatives.

Some examples of improvement projects include:

1) Streamlining data management through a unified geographic-based categorization of all records and an improved electronic records system, resulting in faster retrieval and more accurate information upon request. This was a foundational efficiency effort, because UWRE is responsible for more than a century’s worth of real estate records.

2) Collaborating with UW IT, UWMC, Capital Projects, and Health Sciences Facilities to improve the process for approving and managing communication infrastructure, including roof top antennas and distributed antenna systems. The new process helps ensure that wireless services meet the needs of the campus community with minimal disruption.

3) Instituting an annual property inspection program, and creating a process for qualified vendors to provide inspection reports, tracked in our property management data system. The primary goal of this improvement effort was to reduce risk and potential liability. A secondary goal was to improve capital planning and increase accuracy on the amount of reserves needed for future repairs.

4) Developing a short-term residential leasing program to provide visiting international students with flexible housing options on short notice close to campus. The program allows short-stay students to concentrate on their educational experience with minimal housing hassles.

UWRE is proud to support the University’s mission of teaching, research, and community service through real estate solutions.

Attachment
UW Real Estate presentation
We serve the University’s real estate interests around the world

University Customers

- UW Seattle, Tacoma and Bothell
- School of Medicine
- UW Medicine
- Harborview
- Educational Outreach
- School of Public Health
- College of Arts & Sciences
- College of the Environment
- Global Affairs
- I-TECH
We provide strategic asset management and comprehensive real estate services

University Property
25.9M SF built property

UWRE Managed
5.9M SF

5.9M SF Managed by UWRE

SF by Role

- Metropolitan Tract 2.3M
- UW as Tenant 1.7M
- UW Owned/Occupied 1M
- UW as Landlord 0.9M

SF by Type

- Office 2.5M
- Residential 0.57M
- Retail 0.34M
- Lab 0.41M
- Warehouse 0.45M
- Hotel 0.53M

University Property
20M SF

UWRE Managed
5.9M SF
We manage a varied portfolio of commercial and research properties

Real Estate Services Provided

- Asset management
- Property management
- Facility management
- Lease negotiation
- Project management
- Tenant improvement
- Lease administration
- Rent collection/payment
- Property rights (easements, permits)
- Gifts acceptance and sale
- Acquisitions and dispositions
- Reporting and data management

2014 Portfolio Facts

- **$1.62B Portfolio**
  - $800M University owned/managed property
  - $820M lease obligation as tenant
- **5.9M SF Managed**
- **7,400 Acres Stewardship**
  - 3 campuses, forest, and research lands
- **$180M Real Property Budget**
- **$3.5M Gifts Processed**
- **$50M Purchases & Sales Completed**
- **3,250 Contracts Managed**
- **250 Property Rights Managed**
  - Easements, access, seismic, field research
- **400 Transactions Completed**
We set goals to support the University’s mission

2013 - 2015 Strategic Goals

- Improve Efficiency for Customers
- Increase Student Connections & Career Opportunities
- Improve Asset Performance
- Foster Culture of Innovation & Improvement
- Implement Cost Recovery
- Strengthen Communication & Reporting
We embrace innovation and a culture of continuous improvement

- 8.6% increase in SF managed per FTE from 2013 to 2014
  - Headcount stabilized at 19 FTE since 2008

- Process improvements via modified Lean system adopted in 2009 resulted in:
  - Partnered with 10 customers/process partners to improve work processes and communication
  - 29 processes established or improved
  - Reduced risk
  - $1M in cost avoidance
  - 100% employee participation

- Cost avoidance of $2.8M through negotiations on leases, purchases, and sales

- Cost recovery model contributed $1.1M within first 2 years of implementation
We provide excellent customer service

On UW Medicine’s Maternal Fetal Medicine Clinic expansion in Smoky Point, WA:

“...thank you for your expertise, leadership, and due diligence in the strategic planning and expanding UW Medicine’s presence...your efforts help ensure that our patients will continue to have access to the highest quality care...”

- Johnese Spisso, Chief Health System Officer, UW Medicine & Vice President for Medical Affairs, UW

### Customer Satisfaction

<table>
<thead>
<tr>
<th>Target</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional</td>
<td></td>
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On leasing space for a new engineering grant:

“...You (Rada) and Ben have been exceptional. Michael Glidden mentioned that REO was incredibly efficient and fast, but I had to see you in action to believe how good you are. Thanks much.”

- Santosh Devasia, Associate Dean of Research and Faculty Affairs, College of Engineering

On Startup Hall:

“...people around the world are excited about what you all are doing and are most definitely paying attention. Nate does a great job explaining what Startup Hall and the University are trying to accomplish, and how the mission is grander than a co-working space.”

- Chet Kittleson, Director of Strategic Partnerships, UpGlobal
We engage with students to enhance learning and employability

<table>
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<tr>
<th>Interns &amp; Student Employees</th>
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<tbody>
<tr>
<td>Runstad Intern (1)</td>
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<td>GIS Intern (1)</td>
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<td>Startup Hall Intern (1)</td>
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<td>Student Employees (2)</td>
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<td>Prior Interns now employed at</td>
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<tr>
<td>Startup Hall (2013-14 Runstad Intern)</td>
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<td>Spectrum Development (2012-13 Runstad Intern)</td>
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<td>Starbucks Corporate Real Estate (2011-12 Runstad Intern)</td>
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<th>Student Volunteers</th>
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<td>Startup Hall (13)</td>
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<th>Presentations to Student Groups</th>
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<tr>
<td>UW Runstad Center Student Orientation</td>
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<td>UW Student Real Estate Club</td>
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<td>Foster School of Business</td>
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<td>Evans School of Public Affairs</td>
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<th>Case Studies, Professional Networking Opportunities &amp; Sponsorship</th>
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<tr>
<td>Metropolitan Tract</td>
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<tr>
<td>UWMC Laundry Facility Site Study</td>
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<tr>
<td>Urban Land Institute’s Young Leadership Group Real Estate Panel</td>
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</table>
We celebrate success and are recognized by our peers

2014 Achievements

• Metropolitan Tract
  o Transition to UW ownership with end of +100 year ground lease
  o Rainier Square Redevelopment with 80 year ground lease; 1.2M SF; $600M
  o Acquisition of Cobb Building
  o Start of hotel capital improvement project
• Startup Hall opened
• Bryant Building transfer to City of Seattle for new regional waterfront park

Awards

• 2015 Distinguished Staff Award Nomination (Jeremy Eknoian)
• 2014 Distinguished Staff Award Nomination (Jeanette Henderson)
• 2014 The Whole U: Leading Fork Appreciation Award (Steve Kennard)

Boards

• UW Runstad Center for Real Estate Studies
• Downtown Seattle Association
• U District Partnership
• Association of University Real Estate Officers
• Urban Land Institute
• CoreNet
• Pacific Real Estate Institute
Organizational Structure

ACRE Members

- Jeff Brotman  
  Chair
- Curtis Feeny
- Michael Giliberto
- James Kenyon
- Roslyn Payne
- Stuart Sloan
- Gary Waterman
- Regent Herb Simon
  Interim President Ana Mari Cauce  
  ex officio

Interim Provost  
Gerald Baldasty

Senior Vice President, Planning & Management  
Paul Jenny

Capital Planning & Development

Advisory Committee on Real Estate (ACRE)

Board of Regents

Interim President  
Ana Mari Cauce

Office of Planning & Budgeting

Special Projects

University Strategy Management

UWRE

Todd Timberlake  
Chief Real Estate Officer

Jeanette Henderson  
Executive Director

Steve Kennard  
Director of Operations

Tom Schappacher  
Director of Finance

UNIVERSITY of WASHINGTON | REAL ESTATE
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Audit Advisory Committee Update

INFORMATION

For information only.

BACKGROUND

The University of Washington Audit Advisory Committee was established in January 2014 as an advisory committee to the Board of Regents, its appropriate standing committees, and the University President, or his or her designee, on matters relating to the University’s financial practices and standards of conduct. The committee is responsible for reviewing and advising on any external and internal financial audits, policies and practices for compliance with legal and regulatory requirements, and internal controls. The committee may, through its Chair or a majority vote of its members, ask management to address specific issues within the responsibilities of the committee.

As noted in the Board of Regents Governance, Standing Orders, Chapter 4, Section 3, the Audit Advisory Committee will consist of no more than eight members to be appointed by the Board. The Audit Advisory Committee is comprised of both Regent and non-Regent members. Members will be asked to make a minimum commitment of three consecutive years, and will serve at the pleasure of the Board.

As approved by the Board at its September 11, 2014 meeting, the Audit Advisory Committee members are:

- Regent Kristianne Blake (Chair) 9/1/14 to 8/31/17
- Regent Marnie Brown 9/1/14 to 6/30/15
- Robert L. (Bob) Gerth 9/1/14 to 8/31/17
- Richard D. Greaves 9/1/14 to 8/31/17
- Brandon S. Pedersen 9/1/14 to 8/31/17
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Sustainability Engagement at the University of Washington

For information only.

BACKGROUND

UW Sustainability (all three campus focus)

UW Sustainability (formerly Environmental Stewardship & Sustainability) supports the University of Washington’s sustainability goals and connects the campuses, faculty, students and staff together to achieve them. The Environmental Stewardship Committee (ESC), the Campus Sustainability Fund (CSF), the Green Seed Fund (GSF), and other programs and offices work to increase campus sustainability. UW Sustainability coordinates University-wide initiatives such as the Climate Action Plan (CAP) and is responsible for gathering and reporting on University's sustainability data internally and externally.

With the University of Washington receiving the most grant money of any public institution in the United States - and harboring over 4,500 laboratories on campus alone, Green Labs, a new initiative was launched to support and implement sustainable laboratory practices.

The goal of the student-created, student-funded, and student-managed CSF is to foster positive change by giving the UW community the opportunity to develop, create, and implement their ideas. Since its establishment in 2010, the CSF has awarded more than $1.1 million to student-led sustainability projects.

GSF was created in 2013 to engage faculty, students, and staff in research opportunities that advance sustainable research while contributing to campus sustainability goals. Since its establishment in 2013, the GSF has awarded over $250,000 to sustainability projects and will award the same level of funding this year.

The University’s sustainability goals is guided by the Climate Action Plan and ongoing conservation measures continue to provide cost and energy savings. UW completed a five year project for the Smart Grid electricity monitoring system and currently expanding its long range utility infrastructure plan with the West Campus Utility Plant.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Sustainability Engagement at the University of Washington (continued pg. 2)

UW Bothell

Environmental sustainability has long since been a key factor driving the evolution of the University of Washington - Bothell. From the campus wetlands, to the three on-campus photovoltaic solar installations, to the variety of courses offered focused on environmental sustainability.

UW Investments

Environmental, Social, Governance (ESG) related issues is one of multiple possible approaches used by institutional investors to incorporate social considerations. UW Investments believes that positive engagement, a core component of ESG investing, is best for endowment management. The UW five-point Global Climate Change Initiatives from Nov 2013 prioritize ESG.

Attachments
Presenters’ Biographical Information
University of Washington Sustainability Engagement presentation
The North Creek Wetland
Presenters’ Biographical Information

Tony Guerrero, Associate Vice Chancellor for Facilities Services, UW Bothell. Tony has been in facilities management for over 30 years. His career in facilities management began with the State of Arizona in the mid 1980’s before moving to Seattle in 1989. He began working for the University of Washington in Seattle as the Southwest Maintenance Zone Manager in June of 2000 and has been in charge of UWB/CC facilities services since the summer of 2003. Tony has a certificate in Facilities Management from UW Seattle, a Bachelor’s degree in Business from UW Bothell and an MBA from Seattle Pacific University. Tony won the coveted Husky Green Award in 2011 for his exemplary leadership, initiative and dedication promoting the University of Washington’s commitment to environmental stewardship and sustainability.

Laurel Baum, Junior, BS Environmental Sciences (Conservation & Restoration Ecology Pathway), UW Bothell. Last summer Laurel participated in field research at both the Wind River and HJ Andrews Experimental Forests as part of a LTER project concerning forest succession run by the Forest Ecosystems and Society program at Oregon State University. Throughout the summer of 2015 Laurel will be conducting independent research on Mount Saint Helens with Professor Cynthia Chang of UW Bothell. Her research goal will be to better understand plant succession within the context of altering availability of soil temperature, moisture, and light. Upon graduation, Laurel intends to hike the PCT from Mexico to Canada then find work in the Environmental Education or Conservation fields. She is also considering continuing on to graduate school to complete a Masters.

Emily Ann Clarkson, Senior, BA Political Economy, BA Business Administration (Finance).

Emily Clarkson is a student researcher helping UW Investments understand the risks, benefits, and general considerations related to Environmental, Social, Governance (ESG) investing. ESG is one of multiple possible approaches used by institutional investors to incorporate social considerations. UW Investments believes that positive engagement, a core component of ESG investing, is best for endowment management. The UW five-point Global Climate Change Initiatives from Nov 2013 prioritize ESG.
Caileigh Shoot, Green Labs Coordinator. Senior, BS, Environmental Science and Terrestrial Resource Management.
As a Green Labs Coordinator, Caileigh supports the Green Laboratory Program at the University of Washington. This program works to reduce the environmental footprint of UW laboratories by recognizing labs that are reducing their footprint, and providing resources for those that need more help. In addition to supporting the Green Laboratory Program, Caileigh is also working on her senior research project which involves using remote sensing technology (LiDAR) to detect shrubs on a 26 hectare plot in Yosemite National Park. Caileigh has worked on several UW field ecology crews including a crew which mapped old growth trees (125 years or older trees) in the Colville National Forest. She is also co-chair of the University of Washington Forest Club.

An Huynh, CSF Outreach Coordinator, Senior , Community, Environment, and Planning; Environmental Science & Resource Management Currenty a senior studying Community, Environment, and Planning with a minor in Environmental Science and Resource Management, An is focusing her academic explorations around urban ecology. She is fascinated by design concepts that link the built and natural environments and is interested in how to combine visual storytelling, especially those that are based around photography, with issues surrounding urban planning and community development.

Claudia Frere-Anderson, Director of UW Sustainability
Claudia manages the office and oversees communications, reporting, and engagement programs in addition to supervising staff and many students and interns. Claudia graduated Cum Laude in Politics from the University of San Francisco and received an MBA in Corporate Social Responsibility from Nottingham University Business School in the UK where she received a full scholarship from the International Centre for Corporate Social Responsibility (ICCSR).
University of Washington
Sustainability Engagement

Board of Regents Meeting
March 12, 2015 / UW Bothell

Tony Guerrero, UW Bothell
Laurel Baum, UW Bothell Student
Caileigh Shoot, UW Seattle Student
Emily Ann Clarkson, UW Seattle Student
An Huynh, UW Seattle Student
Claudia Frere-Anderson, UW Sustainability

Sustainability: it’s in our nature.
UW Bothell
Sustainability Leadership

- Vermicomposting since 2004
- Wetland and Campus Tours since 2004
- Herbicide and pesticide free since 2006
- Goats to clear weeds beginning in 2007
- 2nd University in Nation - Salmon Safe 2008
- Comprehensive energy monitoring - 2010
- 10 Electric Vehicle spaces installed - 2010
- No paper towels in UWB restrooms – 2013
- Awarded $1.3 million dollars in energy grants 2010-2014
- 150 kW of Solar Installed on Campus 2010 - 2014

Sustainability: it’s in our nature.
UW Bothell

North Creek Floodplain Restoration
• Focal point for sustainability related research and management

Sustainability: it’s in our nature.
Green Labs

Why Green Labs?
• Labs account for 22% space, yet use 65% campus energy
• Large water usage and waste generation
• Less sustainability focus in labs versus other areas of UW
• $1.25 billion in research annually
• Potential for large savings – est. $8 million
• There are currently over 4,500 labs on campus tracked by UW Environmental Health & Safety

Sustainability: it’s in our nature.
Green Labs

Certification Results

Communication & Education  All labs that communicate are certified
Energy 58% never clean their freezer/fridge
Recycling, Compost, & Waste 48% always try to produce less waste
Chemical Usage & Disposal 47% never practice green chemistry
Purchasing 25% have energy efficient equipment
Travel & Field Work Most use public transit or carpool
Water 59% don’t use aerators/misers

Accomplishments to date

• 50 Certified Labs (68 submitted)
• 67% of labs certified in 2013 were re-certified in 2014 (12 of 18 labs)
• Over 1,350 people are in labs that applied for certification

Sustainability: it’s in our nature.
Environmental, Social, Governance (ESG) Research

Student project update

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<tr>
<td>Started introductory ESG research</td>
<td>Started researching prospective ESG managers and sustainable funds</td>
<td>Researched academic studies that compared social investment approaches and outcomes</td>
<td>Researching companies held in the newly invested ESG fund</td>
</tr>
<tr>
<td>Created a searchable ESG Research Index of hundreds of topical articles and reports</td>
<td>Sized the ESG investment universe</td>
<td>Researched ESG portfolio tools</td>
<td>Evaluating additional ESG screening tools</td>
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<tr>
<td>Present an introduction to ESG issues to UW Investments</td>
<td>Drafted a memo to UW Investments team explaining the ESG investment universe</td>
<td>Researched how UW peers are approaching ESG</td>
<td>Analyzed the gap between UW and peers in STARS survey</td>
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<td>Summarized relevant articles, webcasts</td>
<td>Maintained ESG Research Index</td>
<td>maintained ESG Research Index</td>
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<td>Researched ESG related organizations</td>
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Sustainability: it’s in our nature.
Why spend time researching ESG?

- Best blend of high impact, low cost
- UW efforts include shareholder engagement, new ESG investment, and better understanding of the ESG exposure already present in the UW portfolio

<table>
<thead>
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<th>Low cost</th>
<th>High cost</th>
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<tr>
<td>• One-time divestment from “worst-in-class” companies</td>
<td>• Integrate United Nations Principles for Responsible Investing (UNPRI) guide for manager selection, appointment, and monitoring</td>
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<tr>
<td>• Improve understanding of current and prospective manager approaches to ESG</td>
<td>• Require existing and new managers to incorporate ESG factors into their process</td>
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<tr>
<td>• Encourage ESG consideration at existing managers</td>
<td>• File company resolutions, vote shareholder proxies and engage in letter-writing</td>
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<tr>
<td>• Evaluate portfolio risks tied to ESG factors</td>
<td>• Make new investments with attractive risk-adjusted return expectations that also meet ESG criteria and/or advance low-carbon solutions and resource efficiency</td>
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<tr>
<td>• Become members of ESG-related organizations (e.g. SIF, Ceres, CDP)</td>
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Defined as cost and impact to the endowment

Sustainability: it’s in our nature.
Campus Sustainability Fund (CSF)

Over $1.1 Million dispersed since 2010-2011

Sample Past Projects
• UW Solar Installation on Mercer Court A
• Green Wall Interactive Educational Elements and Habitat Structures
• UW Farm Greenhouse

Sample of Current Projects in Review (8 Total, $212,000)
• Conservation and Sustainability at Manastash Ridge Observatory
• Kincaid Ravine Bioswale Assessment
• Re-Think: Student Resilience Challenge

Sustainability: it’s in our nature.
Green Seed Fund (GSF)

Over $500,000 dispersed since 2013-14

Sample Past Projects
• Grounds Utility Vehicle Carbon Footprint Comparison
• Building User Audit: Capturing Behavior, Energy and Culture

Sample Current Projects 2015-16 ($250K)
• Enhancing the Sustainability of Electronic Waste Handling on the Seattle Campus
• Examining Opportunities for Durable Medical Equipment Reuse within UWMC and HMC
• UW Tacoma Husky Lines

Sustainability: it’s in our nature.
Engagement and Collaboration

• Advised by the Environmental Stewardship Committee (ESC) and guided by the Climate Action Plan

• Policy development: Server virtualization, Steam-to-hot water conversion, Efficient labs

• District Energy

• Smart Grid

• Sustainability in the Curriculum
Energy Conservation

We increased our total savings from $11.9 million in 2011 to an estimated $13.1 million saved in 2013.

Seattle City Light Conservation Measures

Sustainability: it’s in our nature.
Claudia Frere-Anderson
Director, UW Sustainability Planning & Management
frerec@uw.edu

Ruth Johnston, Ph.D
Associate Vice President & Chief of Staff Planning & Management
ruthj@uw.edu

http://green.uw.edu/staff
THE NORTH CREEK WETLAND
A LIVING, LEARNING LABORATORY

SARAH SIMONDS GREEN CONSERVATORY

Completed in the summer of 2013, the beautiful Green Conservatory is a 2,800 square-foot complex that houses a 1,600 square foot greenhouse, classroom, and support space for education, research, and public outreach.

The construction of the Sarah Simonds Green Conservatory was funded by a generous $4.5 million gift from Dr. Gordon Charles Green. His vision was to create a conservatory that's both accessible to the public and dedicated to the legacy of his pioneering Bothell family.

SUSTAINABILITY

- The North Creek Wetland restoration is one of the largest floodplain restorations in the state of Washington.
- UW Bothell was the second university in the nation and first in the state of Washington to be Salmon-Safe Certified.
- The campus plants 3,000 trees per year.
- The U.S. Army Corps of Engineers uses our wetland as a model for future sites.
- A $553,000 grant from the Washington State Department of Commerce has allowed the installation of our largest solar array to date, with a capacity of 99.84 kilowatts.

EDUCATION AND RESEARCH HIGHLIGHTS:

- UW Bothell offers seven degree programs and two minors related to environmental sustainability.
- More than 20 classes use the wetland as an outdoor lab.
- Three students will present poster presentations based on research in the wetland at this week’s “Society for Northwestern Vertebrate Biology” conference in Portland.
- Other recent student papers include “Effects of Crows on Wetland Plant Communities” and “Temporal Variability of Nitrate Concentrations”
- A student-led project is building a geodatabase to map hydrological features and plant communities in the wetland. They will present their findings Feb. 27 on campus.
- Faculty research includes Rob Turner (hydrology/environmental chemistry); Kristina Hillesland (microbial fauna of wetlands); Doug Wacker (effects of crows on soil chemistry in the wetland) and Jeff Jensen (biomechanics of fish).

UW BOTHELL is one of very few universities in the nation to share its campus with a fully restored, thriving wetland. Situated on 58 acres, the North Creek Wetlands offers students the opportunity to combine classroom learning with hands-on experience in the field.

The North Creek Wetland
A living, learning laboratory

is one of very few universities in the nation to share its campus with a fully restored, thriving wetland. Situated on 58 acres, the North Creek Wetlands offers students the opportunity to combine classroom learning with hands-on experience in the field.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Divest UW Presentation on Coal Divestment

INFORMATION

This is a student presentation in support of coal divestment in the Consolidated Endowment Fund. It is for information only.

BACKGROUND

Divest UW, a student campaign representing over 20 Registered Student Organizations, supports coal divestment. Today’s presentation will provide the Board of Regents with information supporting their request to prohibit direct investment of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.

In October 2013, the Board of Regents reviewed the Treasury Office Global Climate Change Initiatives. This review led to an amendment to the investment policies to allow shareholder advocacy on issues related to climate change which was approved by the Board in November 2013. Progress to date on the initiatives is shown in Attachment 4.

Shareholder advocacy typically involves one or more of the following: (1) voting on shareholder resolutions; (2) engaging the company in a dialogue on its corporate practices; and (3) sponsoring or co-sponsoring issue-specific shareholder resolutions. Some institutional investors choose to divest, and that decision may or may not have been preceded by a period of shareholder advocacy. Due to its potential to negatively impact portfolio performance, divestment is viewed as a course of last resort. In addition, the loss of shareholder status effectively ends the dialogue with banned corporations.

Attachments
1. Coal Divestment Handout for the University of Washington Board of Regents
2. Divest University of Washington Biographies
3. Endorsement for Divestment at UW
4. Treasury Office Global Climate Change Initiatives
5. Fossil Fuel and Climate Change Timeline, December 2012 to Present
6. Portfolio Impact Analysis From Divestment of Coal and All Fossil Fuels
7. Response to Divestment by Other College and University Endowments
Coal Divestment Handout for the University of Washington Board of Regents

Written by Divest University of Washington
DivestUW.Wordpress.com
ccchange@uw.edu
Dear Board of Regents,

Divest University of Washington respectfully requests that the University of Washington should not directly invest its endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation. As we highlight in this report, the reasons for doing so are multiple:

1. **Coal is the biggest contributor to greenhouse gas emissions.**
   Coal fired power plants are responsible for a third of all global CO2 emissions. This makes coal-based energy the largest producer of greenhouse gases and the single greatest threat to our climate. A recent *Nature* study showed that we will need to keep 80% of coal reserves unexploited in order to stand a 50% chance of achieving the internationally agreed upon target of keeping global warming to less than 2 degrees Celsius above pre-industrial temperatures (McGlade & Ekins, 2015). However, rather than face this reality, coal companies are still working to expand their reserves, and have increased their reserves from 358 to 402 gigatonnes from 2010 to 2015, rendering their business models even further incompatible with a safe climate (Alexeyev et al., 2015).

2. **Coal kills.**
   Coal contains a wide range of toxic substances, which leach into water, pollute air and harm public health, leading to the suffering and death of millions each year. Economic analysis has shown that the harms of the coal-power generation industry are so high that if required to pay for their externalized costs, coal companies would be financially unviable (Trucost, 2013). Quite simply, the costs of coal far outweigh the benefits. Similarly, a study by Epstein et al. (2011) showed that each ton of coal burned causes around $500 worth of costs to society, and even a highly conservative cost-benefit analysis by Muller et al. (2011) showed that the costs of coal outweigh its benefits. What’s more, coal’s harmful air, soil and water pollution fall disproportionately on communities of color and minorities (Schlosberg & Collins, 2014). Further deepening this injustice, the impacts of climate change also fall disproportionately on communities of color, indigenous people, and the poor and vulnerable.

3. **Coal is not a great investment.**
   Coal has underperformed in the market drastically over the past five years, and may potentially continue its decline as alternative energy becomes increasingly competitive and demand for coal wanes. For instance, the Market Vectors Coal ETF, a coal index fund, has performed poorly during the last 5 years and has declined in value by 58%, while the MSCI All Countries World Index (ACWI) has been up 50% (Google Finance, 2/16/2015). A dollar invested in April 2011 in Peabody, the world’s largest private-sector coal company, would now be worth about 8 cents. Looking forward, Mark Lewis (2014), one of Europe’s leading financial analysts, estimates that if we are to keep global temperatures within the internationally agreed upon target of two degrees Celsius, the coal industry will face losses of $4.9 trillion in the next twenty years. As former SEC Commissioner Bevis Longstreth (2014a) points out, coal is the canary in the coal mine for the carbon bubble, and is likely to suffer financial losses first and most severely because of its replaceability, high carbon content and destructive environmental impacts. A
report from Bloomberg concludes that coal is “at the sharp end of any transition to a lower-carbon energy system” (Bullard, 2014). Similarly, it highlights that “significant divestment from coal would be much easier than significant divestment from oil and gas. Listed coal companies are small enough in aggregate that investors could divest and re-invest without unbalancing portfolios”. Recognizing the risks of staying invested in coal, institutions with similar and even more stringent fiduciary duty than UW have already divested from coal.

4. We can do better.
The Intergovernmental Panel on Climate Change and numerous leading economists, engineers, scientists, and academics have published studies showing that it is technically feasible and economically beneficial for society to transition to alternative energy and to phase out coal (Brown, 2009; Deep Decarbonization Pathways Project, 2014; International Energy Agency, 2014; Intergovernmental Panel on Climate Change, 2014; Jacobson & Delucchi, 2011; Lovins, 2011). As these studies point out, by phasing out coal, we can attain widespread societal benefits by preventing environmental and climate change impacts while ensuring robust economic growth and poverty alleviation. Apart from the avoidance of millions of deaths and widespread harm, the positive results would include substantial increases in health benefits, job creation and economic growth coupled with up to $71 trillion in fuel cost savings. Recognizing this, Washington State has committed to phasing out coal-fired electricity, and arguably UW, as a state institution, should align its investments with State policy.

5. The fossil fuel industry is blocking a clean energy future.
The fossil fuel industry spends billions of dollars on misinformation campaigns, lobbying efforts, and corruption of the democratic process in an effort to halt the transition to clean energy. For years, the industry has worked to kill environmental regulation and protect its own profits over the future of people and the planet. Coal companies have undermined scientific understanding and the political process through public relations schemes, bribery, corporate coalitions, lobbying, and think tanks, all to create an illusion that scientific and economic controversy exists around both the imminent dangers posed by climate change and the possibility of a clean energy future. UW can make an important statement that it is no longer willing to contribute to the corruption, lobbying and harm associated with the coal industry.

Both the ASUW and the Graduate and Professional Student Senate have voted in favor of divesting from coal. We also have over 700 signatures on a petition in favor of divestment along with the endorsement of 27 student groups. Students are the ones who will have to live with the effects of climate change and whose future the university is supposed to serve. It is morally suspect and arguably hypocritical for an institution as committed to sustainability as the UW claims to be to continue to invest in an industry that condemns the future of its students and which causes such egregious harm in the present. The student body agrees: we need to stop investing in environmental degradation and climate failure.
7. Working with the Global Climate Change Initiatives.
Our proposed course of action serves as a complement to the University of Washington’s current Global Climate Change Initiatives. By eliminating the most harmful and financially risky carbon assets from our portfolio, we take an important step toward protecting ourselves from the financial losses associated with their potential decline, while making an important ethical statement that we are not willing to finance such a harmful industry. Such a move bolsters our earlier initiatives and furthers the UW’s leadership on this issue. After divesting from coal, it is then possible to utilize the broader Global Climate Change Initiatives in order to engage in shareholder engagement, and screen out oil and gas companies who are not adequately responding to climate change and thus are most at risk from the financial risks surrounding the carbon bubble and other related risk factors.

8. Shareholder Engagement and Divestment.
Many argue that instead of divesting, institutions should retain their investments and take part in shareholder engagement, wielding their rights as shareholders to request information from and change to companies. However, the evidence after many years of engaging with fossil fuel companies on climate change has, to a significant extent, still resulted in fossil fuel companies ignoring the issue, promoting misinformation, attacking clean energy and/or admitting and detailing their plans to push way past the carbon budget (Kramer, 2013). Because of the industry’s intransigence, continuing to give them our money contributes to unnecessary harm while legitimating their harmful actions. Furthermore, the SEC restricts shareholders from engaging with firms on operational issues and limits shareholder engagement to “requesting information and attempting to engender change in corporate policies on related issues, but does not allow shareholders to modify the business model or to engage with firms directly on the problem of keeping [fossil fuel] reserves in the ground” (Goodridge & Jantz, 2013, p. 5). Thus, as former SEC Commissioner Longstreth (2014b) has pointed out, shareholder engagement is adept at making changes at the margin, but not at reconfiguring the core business model of a company, which is what is required if we are to address climate change. Thus Longstreth argues, and we agree, that given the urgency of the issues at hand and the growing harm being done by the coal industry, more powerful measures in the form of divestment are needed in conjunction with shareholder engagement. Indeed, divestment may bolster the efforts of shareholder advocates by the power of divestment highlighting the seriousness of the issue and lending strength to shareholder pleas.

The question of the efficacy of divestment is one of the major points of controversy in the debate around fossil fuel divestment. Many argue that divestment will be ineffective, for if one institution or individual divests another will simply buy up those stocks and divestment will thus be a meaningless gesture. However, such a limited picture of divestment fails to see the forest for the trees, for the impacts of divestment are much broader than just the direct financial impacts, although the direct impacts are arguably not negligible either (cf. Connolly et al., 2014). As Oxford University’s Stranded Assets Programme’s influential report on the potential effects of divestment points out:
Divestment campaigns will probably be at their most effective in triggering a process of stigmatization of fossil fuel companies. We find that even if the direct impacts of divestment outflows are limited in the short term, the campaigns will cause neutral equity and/or debt investors to lower their expectations of fossil fuel companies’ net cash flows in the long term. The process by which uncertainty surrounding the future of fossil fuel industry will increase is through stigmatization. In particular, the fossil fuel divestment campaign will increase legislative uncertainty and potentially also lead to multiples’ compression causing more permanent damage to the companies’ enterprise values (Ansar, Caldecott, & Tilbury, 2013, p. 71).

Institutions and individuals committing to divestment are increasingly drawing attention to the decline of the problematic fossil fuel industry, the implications of the carbon bubble, and the rapid rise in renewable energy. As Nobel Prize-winning economists Robert Shiller and George Akerlof (2009) demonstrate, our economies and financial systems are driven significantly by emotions, psychology and perception. Thus by changing perceptions and sentiments about the future of fossil fuels and clean energy divestment has the potential to shift investor confidence and perceptions and along with significant amounts of capital. Of course, the UW is a relatively small player in the financial world, but as Bloomberg’s Nathaniel Bullard points out, fossil fuel divestment is drawing attention to carbon asset risk and is causing much larger investors to rethink the wisdom of staying invested in fossil fuels (Adler, 2014). By doing so, divesting institutions are arguably playing a major role in influencing the sentiments that guide investments and pushing investments out of the fossil fuel industry and into other sectors of the market, including renewable energy. This shift of investments out of fossil fuels into renewable energy is desperately needed if we are to stave off the worst effects of climate change. As the latest IPCC report highlights, if we are to achieve the two degree target we need to reduce annual investment in fossil fuels by at least $30 billion dollars per year over the coming decades, and increase annual investment in low carbon electricity supply by $147 billion a year (IPCC, 2014, p. 27).

While divestment alone will not solve climate change, it is important to consider that “in almost every divestment campaign... from adult services to Darfur, from tobacco to South Africa, divestment campaigns were successful in lobbying for restrictive legislation affecting stigmatised firms” (Ansar et al., 2013). Similarly, it is important to bear in mind that divestment is a powerful ethical statement which has many indirect and unforeseen impacts which shouldn’t be ignored in our assessment. For instance, NRG, a company which built a leading electricity business from coal and other conventional power plants, recently announced that it is aiming to reduce its carbon emissions 50 percent by 2030 and 90 percent by 2050. NRG’s CEO stated specifically that “if divestment from fossil fuel companies becomes the issue that preoccupies college campuses around America for the next decade,” then he doesn’t “relish the idea that year after year we’re going to be graduating a couple million kids from college, who are going to be American consumers for the next 60 or 70 years, that come out of college with a distaste or disdain for companies like [his]” (Cardwell, 2014).

NRG provides just one of many examples of the potential ripple effects that divestment can have on broader society and illustrates that when we are considering divestment and action on climate change it is important that we do not needlessly limit the scope of our analysis to the direct financial impacts of divestment. Rather, it is important to recognize that divestment might function as a catalyst within the
much broader transformation needed to redefine our social narrative and alter the disastrous trajectory we are on as a society. While we cannot predict the impact of divestment with certainty, when leading institutions like the University of Washington begin to make commitments to a clean energy future and to divestment from a dirty and harmful past, it arguably draws such a future increasingly into the realm of the possible and helps to mobilize broader action towards that goal. The fossil fuel industry clearly recognizes the power of divestment, given its current PR campaign attempting to discredit the movement (cf. Carrington, 2015). Indeed, divestment is already proving to have significant potential to shift the social, financial, economic, political and moral discourse around the future of fossil fuels and clean energy (Douglass, 2014; Supran & Achakulwisut, 2014).

10. Moving Past Excuses of Politicization

It is often argued that divestment is problematic for universities because it politicizes them. While the political ramifications of divestment merit consideration, framing this issue in terms of politicization sidesteps vital ethical questions and instead plays into a strategy underwritten by the fossil fuel industry (which has paid good money to ensure that climate change is indeed politicized). It also ignores the fact that the University of Washington and other universities have used their endowments to weigh in on social issues before, ranging from Apartheid, Sudanese genocide, tobacco, and more, all of which were also highly politicized, deeply moral questions.

Perhaps UW might declare that contrary to these precedents it now sees its endowment as not answerable to moral concerns but simply as a financial resource. If it does so, however, it does not become by fiat an amoral entity. Rather, if our points above are correct, institutions that choose not to divest would simply be making immoral investments that condemn our future, and would be immoral not amoral institutions. The idea that our investments are removed from the scrutiny of moral thought is arguably a perverse economic usurpation of morality, which fails to see that our investments have real implications in the world. After all, if we were invested in child labor or slavery, we wouldn’t become amoral simply by declaring that it is a political issue and that our endowment is simply a financial resource. Our society would be in a worrying place if our institutions of higher education adopted similar lines of thought to avoid the moral implications of its investments.

Thus, the question for universities is not whether divestment is political, but rather whether the ethical concerns are strong enough to merit divestment. In the case of the immense present and future harms imposed by coal, the lobbying, corruption and obstacles the industry poses to a clean energy future, the moral case certainly seems strong enough, especially to the university’s students whose future is at stake and who have voted in favor of divestment. Thus rather than hiding behind the veil of politicization we should realize that it is precisely when powerful interests are attempting to politicize and corrupt an issue as deeply moral as climate change that we need moral leaders to show us the way through the political spin, deception, corruption and foul play obscuring the moral issues at hand. The University of Washington can choose to once again lead.
11. The World Is Moving Ahead of UW.
Beginning in 2011 with just a few campuses, the divestment movement now consists of hundreds of campaigns across the world. Over 400 colleges have active campaigns, and as of September 2014, 180 institutions representing over $50 billion - including universities, philanthropies, religious organizations, pension funds and local governments - have pledged to sell assets tied to fossil fuel companies from their portfolios and to invest in cleaner alternatives. While the UW has regarded itself a leader on sustainability and climate change, the 2015 Global Universities Index, which rates universities on financial climate change risk, ranks the UW 41st and gives us a D rating (meaning that our “climate change risk management is poor”). In contrast, Stanford University and the University of Maine, have committed to divest from coal and 23 other universities have also made fossil fuel divestment commitments. Likewise, 38 cities (including Seattle), 30 foundations and over 70 churches, have all divested. Even the Rockefeller Brothers Fund, whose fortune was built on oil, has divested from all fossil fuels citing both financial and ethical reasons.

In sum, there are multiple reinforcing reasons why the University of Washington should divest from coal. It is an ethical, financially sound, and reputationally savvy decision with strong support from the student body, which can advance the University of Washington’s leadership on climate change and help end the hypocrisy of committing to sustainability on one hand while investing in climate failure, environmental injustice and pollution on the other.

Yours sincerely,

Divest UW
Bibliography:


Divest University of Washington Biographies.

**Sarra Tekola** is a senior studying environmental science and resource management. She is also an undergraduate researcher at the University of Washington.

She has done research on ocean acidification’s effect on pteropods, the trophic cascade caused by the return of wolves in Yellowstone, climate change communication in conservative towns at Purdue University, and carbon cycling in the sediments distributed by the Elwha dam removal. She is a Merck fellow, Mary Gates Scholar, a McNair scholar, and has published her research.

She became involved with the Divest UW campaign when it first started in the spring of 2013. Her motivation to take action on climate stems from having already seen the impacts in the oceans both in the lab and as a scuba diver. More personally her motivation comes her father, a refugee from Ethiopia who had to leave due to the conflict that stemmed from the drought that ravaged the area. Sarra has seen firsthand how climate change can cause massive migrations and create refugees.

Contact: stekola@uw.edu

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Born in Taiwan and raised in Washington, **Angela Feng** is a first generation Taiwanese American, among the first in her family to attend college. As a senior in the Program on the Environment, she will be graduating this spring with a major in environmental studies and a minor in Spanish. She is the recipient of the 2013 Ackerley Learning to Lead Fund Scholarship, as well as the 2014 Program on the Environment Leadership Scholarship.

Throughout her undergraduate career, she has been involved in various environmental organizations, such as the UW Earth Club, the Student Association for Green Environments, and the student group Confronting Climate Change. She currently facilitates a UW seminar on environmental education, where students teach lessons on environmental topics each week in South Park, Seattle. She plans to continue to work in the field of environmental education in the future.

Contact: afeng21@uw.edu
**Mary Herman** is a senior in the Department of Geography. Mary’s been an active environmentalist since she was 14, implementing recycling and composting programs at her middle and high schools. She later became the president of her high school’s Earth Service Corps where she wrote a number of grants that awarded her school with $50,000 for an automatic composter that processed vast amounts of school lunch waste.

After completing her Associate of Arts degree at Seattle Central Community College, Mary became an AmeriCorps Summer VISTA volunteer in Duvall, Washington where she managed a community food bank garden and Pea Patch in the summer of 2012. Since then, she has been a mentor with Seattle Tilth’s Seattle Youth Garden Works program, which provides at-risk youth with job and education opportunities on an urban farm.

Mary has been involved with Confronting Climate Change since the winter of 2014 and an active participant in the Divest UW campaign. She has honed her degree in geography to focus particularly on environmental issues and their intersections with race, class, and gender. Mary has also become more active in the climate movement in the greater Seattle area, engaging with collectives such as Rising Tide, Seattle 350, and the Coalition for Anti-Racist Whites.

Contact: marylenoreherman@gmail.com

**Alex Lenferna** was born and raised in Johannesburg, South Africa. He is a first generation South African and his parents and family are from the island nation of Mauritius. Alex is strongly motivated to tackle climate justice issues because of the injustice entailed by the fact that both sub-Saharan Africa and island nations in general are highly vulnerable to the impacts of anthropogenic climate change, despite having contributed relatively little to the problem.

As a Mandela Rhodes scholar, Alex received his MA in Philosophy from Rhodes University in South Africa focusing on global justice, poverty and environmental ethics. Alex is currently a Fulbright scholar and a graduate student in the UW Philosophy Department focusing on the ethics of climate change. Alex has been a climate justice advocate for over 5 years now and has started and led numerous climate justice student groups both in South Africa and the USA. He has been involved in the fossil fuel divestment movement since 2012, has worked with the Seattle City Employees Retirement System to help them consider divestment, and is currently writing a book on the ethics, economics, politics and science behind the fossil fuel divestment movement. Alex is also on the steering committee of Carbon Washington, a nonprofit organization dedicated to environmental tax reform in the State of Washington in the form of a revenue neutral carbon tax swap.

Contact: lenferna@uw.edu
ENDORSEMENT FOR DIVESTMENT AT UW
As of February 12, 2015

Associated Students of the University of Washington (ASUW) Senate

May 28, 2013: ASUW Senate votes 52-20 to support the Global Climate Change Initiatives and encourage the UW to freeze any new direct investment in fossil fuel companies and urges the President and the Board to “find options for investing the endowment in a way that further maximizes the positive impact of the fund by seeking out investments in opportunities to limit the effects of burning fossil fuels or help to mitigate its effects including, but not limited to, clean technology, renewable energy, sustainable companies or projects and sustainable communities.”

January 13, 2015: ASUW Senate votes 59-9 in support of Resolution 4 calling for “the Board of Regents of the University of Washington immediately instruct the UW Treasury to cease all new investments and remove any remaining investments of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.”

Graduate and Professional Student Senate (GPSS)

June 4, 2014: GPSS votes unanimously in favor of a resolution that “requests that the Board of Regents of the University of Washington immediately instruct the UW Treasury to divest the endowment from direct holdings in oil sands, tar sands, and coal assets.”

The following groups have signed an on-line petition in favor of fossil fuel divestment at the University of Washington:

350 Seattle
African Student Association
Associated Students of the University of Washington Student Senate (ASUW)
Black Student Union
Climate Solutions
Climbing Team at University of Washington
EcoReps
Evans Student Organization, Evans School of Public Affairs
HIV Awareness and Research Exposed
International Socialist Organization
Polynesian Student Alliance
Residence Hall Student Association (RHSA)
SEED
Socialist Alternative
Society for Ecological Restoration
Somali Student Association
Student Association for Green Environments
Student Food Cooperative
Sustainability Organization
United Students Against Sweatshops
UW Forest Club
UW Real Food Challenge
UW Student Farm
Washington Public Interest Research Group (WashPIRG)
The Wildlife Society
Yogis at UW
Young Democrats

Approximately 700 students have signed onto a petition in favor of fossil fuel divestment at the University of Washington.
The following faculty and staff have signed an on-line petition in favor of fossil fuel divestment at the University of Washington:

Joe Cook – Asst. Professor of Public Affairs, Evans School of Public Affairs
Steven Emerson – Professor, School of Oceanography / Faculty Member, Program on Climate Change
Stephen Gardiner – Professor, Department of Philosophy
Stephanie Gardner – Associate Director of LSAMP, Office of Minority Affairs & Diversity
Martha Groom – Professor of Ecology and Environmental Studies
Daniel Grosvenor – Research Associate Ph.D, Department of Atmospheric Sciences
Frederica Helmiere – Lecturer, Program on the Environment
Kathryn Kelly – Professor, School of Oceanography
Jason Lambacher – Department of Political Science
Karen Litfin – Associate Professor, Department of Political Science / Teaching Faculty, Program on the Environment

Jamie Mayerfeld – Prof., Political Science/Adj. Prof. of Law, Societies & Justice/Faculty Associate of the Center for Human Rights
Juliet McMains – Associate Professor, Dance Program
Barry Minai – Director of the Instructional Center, Office of Minority Affairs and Diversity
Tamara Myers – Pre-Doctoral Instructor, Comparative History of Ideas
Jim Nicholls – Sr. Lecturer, Department of Architecture
Kristina Straus – Program on the Environment
Joshua Tewksbury – Professor, Department of Biology
LuAnne Thompson – Professor, School of Oceanography
Rob Wood - Professor, Department of Atmospheric Sciences, President of the UW Chapter of the American Association of University Professors

There is currently another faculty and staff petition being circulated in support of coal divestment, which Divest UW will provide an update on in due course.
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Status as of January 16, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Create a research assistant position focusing on alternative energy and</td>
<td>Completed:</td>
</tr>
<tr>
<td>“ESG” (environmental, social, and governmental) investment opportunities)</td>
<td>✓ Hired January 2014</td>
</tr>
<tr>
<td>2 Increase alternative energy investments.</td>
<td>Completed:</td>
</tr>
<tr>
<td>At 6/30/2013, approximately $12 million of the CEF was invested in</td>
<td>✓ 230 funds screened</td>
</tr>
<tr>
<td>alternative energy related investments.</td>
<td>✓ Given the limited opportunity of profitable investable alternative fuel investments, the</td>
</tr>
<tr>
<td></td>
<td>investment team expands their search to include ESG related investments</td>
</tr>
<tr>
<td></td>
<td>✓ 10 Introductory meetings with ESG-related managers</td>
</tr>
<tr>
<td></td>
<td>✓ Conversations with Cambridge Associates</td>
</tr>
<tr>
<td></td>
<td>✓ Calls and meetings with data providers and peer institutions</td>
</tr>
<tr>
<td></td>
<td>✓ January 2015, UW invests $10 million in a global environmental opportunities fund.</td>
</tr>
<tr>
<td>3 Incorporate ESG factors into the investment analysis and decision</td>
<td>Completed:</td>
</tr>
<tr>
<td>making process.</td>
<td>✓ Investment Manager Questionnaire includes questions regarding incorporation of ESG in the</td>
</tr>
<tr>
<td></td>
<td>investment process</td>
</tr>
<tr>
<td></td>
<td>✓ Approximately one third of the managers responding incorporate ESG factors into their</td>
</tr>
<tr>
<td></td>
<td>investment process</td>
</tr>
<tr>
<td></td>
<td>✓ Investment Office increasing internal discussions and meetings on various ESG topics.</td>
</tr>
<tr>
<td>4 Explore opportunities for shareholder advocacy on climate change (e.g.</td>
<td>Completed:</td>
</tr>
<tr>
<td>voting shareholder proxies, co-sponsoring shareholder resolutions, letter</td>
<td>✓ Voting Shareholder Proxies</td>
</tr>
<tr>
<td>writing and joining national organizations).</td>
<td>✓ Staff attending CERES and US SIF Sustainable Investment Forum conferences</td>
</tr>
<tr>
<td></td>
<td>✓ Joined US Sustainable Investment Forum</td>
</tr>
<tr>
<td></td>
<td>In Process:</td>
</tr>
<tr>
<td></td>
<td>• Planning to join CERES and Carbon Disclosure Project</td>
</tr>
<tr>
<td></td>
<td>• Preparing to co-file shareholder proposal asking Exxon to adopt goals for reducing total</td>
</tr>
<tr>
<td></td>
<td>establish greenhouse gas emissions</td>
</tr>
<tr>
<td></td>
<td>• Students and Treasury Office drafting a letter to Exxon regarding carbon asset risk</td>
</tr>
<tr>
<td>5 Establish a framework for future engagement with students.</td>
<td>Completed:</td>
</tr>
<tr>
<td></td>
<td>✓ Two Divest UW Students hired to help with communications between the Treasury Office and the</td>
</tr>
<tr>
<td></td>
<td>student group, and assist with shareholder engagement</td>
</tr>
<tr>
<td></td>
<td>✓ Monthly meetings student group and Treasury staff</td>
</tr>
</tbody>
</table>
• **December 2012**: Students send petition to President Young requesting divestment from fossil fuels.

• **February 2013**: Treasury Office begins a series of meetings with *Divest UW* students.

• **June / July 2013**: Students ask the Regents to divest from fossil fuels and request an open dialogue on the issue during the Public Comment Period at the June and July Board of Regents’ meetings.

• **October 2013**: Investments Office, in conjunction with students from *Divest UW*, present the Global Climate Change Initiatives as an information item to the Board of Regents.

• **November 2013**: Board of Regents adopts proposed climate change initiatives and approves an amendment to the investment policies to permit shareholder advocacy on climate change issues by the CIO.

• **May 2014**: Energized by Stanford’s announcement to divest from coal companies, *Divest UW* students request opportunity to present divestment recommendation targeted at oil sands and coal assets to the Board of Regents.

• **June 2014**: The students amend their proposal to be the same as Stanford University: “The University will not make direct investments of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.”

• **November 13, 2014**: Students present during public comment period at the November 13 Board of Regents’ meeting and stage a rally before the meeting.

• **January 8, 2015**: Students present during public comment period at the January Board of Regents’ meeting.

• **January 13, 2015**: ASUW voted 59-9 in favor of divestment from coal companies – resolution uses Stanford’s coal company definition. “…cease all new investments and remove any remaining investments of endowment funds in publicly traded companies whose principal business is the mining of coal for use in energy generation.”

• **January 26, 2015**: Regent Harrell, Regent Smith and Regent Brown meet with students.
Portfolio Impact Analysis from Divestment of Coal and All Fossil Fuels

**SUMMARY:** This memo summarizes the potential impact to the University CEF of divestment from direct investments in all fossil fuels and in coal exposure alone.

We estimate divestment of coal used for energy generation (i.e. thermal coal) would cost the CEF approximately $13 million over 20 years. Divestment from all different types of coal would result in a $39 million impact.

Fossil fuel divestment would cost the CEF approximately $250 million over 20 years. Fossil fuels play a critical diversification role that protects the CEF during periods of inflation.

<table>
<thead>
<tr>
<th>Estimated Cost Impact to CEF from Divestment *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected impairment due to thermal coal divestment at index weighting</td>
</tr>
<tr>
<td>Annual Cost Impact on Rolling CEF returns from divestment</td>
</tr>
<tr>
<td>Cumulative Cost Impact on CEF Market Value over 20 years</td>
</tr>
<tr>
<td>Cumulative Cost Impact on CEF Distributions over 20 years</td>
</tr>
</tbody>
</table>

* Estimates based on analysis of historical monthly returns of market indices and applied to UW CEF policy portfolio. Source data provided by MSCI, a global provider of stock market indices.
### Decline to Divest from Fossil Fuel:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvard University</td>
<td>Private</td>
<td>MA</td>
<td>35,883,691</td>
</tr>
<tr>
<td>Yale University</td>
<td>Private</td>
<td>CT</td>
<td>23,900,000</td>
</tr>
<tr>
<td>Duke University</td>
<td>Private</td>
<td>NC</td>
<td>7,036,776</td>
</tr>
<tr>
<td>Cornell University</td>
<td>Private</td>
<td>NY</td>
<td>5,889,948</td>
</tr>
<tr>
<td>Pomona College</td>
<td>Private</td>
<td>CA</td>
<td>2,101,461</td>
</tr>
<tr>
<td>Swarthmore College</td>
<td>Private</td>
<td>PA</td>
<td>1,876,669</td>
</tr>
<tr>
<td>Georgetown University</td>
<td>Private</td>
<td>DC</td>
<td>1,461,276</td>
</tr>
<tr>
<td>Middlebury College</td>
<td>Private</td>
<td>VT</td>
<td>1,081,894</td>
</tr>
<tr>
<td>Vassar College</td>
<td>Private</td>
<td>NY</td>
<td>974,180</td>
</tr>
<tr>
<td>American University</td>
<td>Private</td>
<td>DC</td>
<td>535,390</td>
</tr>
<tr>
<td>Haverford College</td>
<td>Private</td>
<td>PA</td>
<td>494,570</td>
</tr>
<tr>
<td>University of Oregon Foundation</td>
<td>Public</td>
<td>OR</td>
<td>627,004</td>
</tr>
<tr>
<td>Dalhousie University#</td>
<td>Private</td>
<td>NS</td>
<td>459,475</td>
</tr>
<tr>
<td>Seattle University</td>
<td>Private</td>
<td>WA</td>
<td>210,600</td>
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<tr>
<td>Bryant University</td>
<td>Private</td>
<td>RI</td>
<td>172,809</td>
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<tr>
<td>University of Rhode Island</td>
<td>Public</td>
<td>RI</td>
<td>110,000</td>
</tr>
<tr>
<td>Western Washington University Foundation</td>
<td>Public</td>
<td>WA</td>
<td>47,233</td>
</tr>
</tbody>
</table>

### Decline to Divest from Coal

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown University</td>
<td>Private</td>
<td>RI</td>
<td>2,999,749</td>
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</table>

### Divest from Coal

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanford University</td>
<td>Private</td>
<td>CA</td>
<td>21,446,006</td>
</tr>
<tr>
<td>University of Maine Foundation</td>
<td>Public</td>
<td>ME</td>
<td>189,151</td>
</tr>
</tbody>
</table>

### Divest 25% of Fossil Fuels

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Institute of the Arts</td>
<td>Private</td>
<td>CA</td>
<td>137,535</td>
</tr>
</tbody>
</table>

### Divest from Fossil Fuels

<table>
<thead>
<tr>
<th>Institution</th>
<th>Private/Public</th>
<th>State/</th>
<th>2014 Endowment ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Dayton</td>
<td>Private</td>
<td>OH</td>
<td>510,107</td>
</tr>
<tr>
<td>Peralta Community College</td>
<td>Private</td>
<td>CA</td>
<td>186,758</td>
</tr>
<tr>
<td>Pitzer College</td>
<td>Private</td>
<td>CA</td>
<td>134,289</td>
</tr>
<tr>
<td>San Francisco State University Found</td>
<td>Public</td>
<td>CA</td>
<td>65,385</td>
</tr>
<tr>
<td>The University Foundation, Cal. State U., Chico</td>
<td>Public</td>
<td>CA</td>
<td>52,563</td>
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VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Approve Amendment to University of Washington 401(a) Plan for Selected Employees

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management 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.

BACKGROUND

The Plan was amended and restated effective July 1, 2009, and subsequently amended on July 21, 2011, and amended again on May 9, 2013 and November 13, 2014. The Plan is intended to be qualified under Internal Revenue Code Section 401(a).

EXPLANATION OF PROPOSED CHANGES

These changes are intended to reflect amendments to the employment agreement and deferred compensation agreement with Interim President Ana Mari Cauce.

Effective as of March 12, 2015, the Plan shall be amended as follows:

1. Section 3.2 shall be amended to read in its entirety as follows:

   “3.2. Duration of Participation. An individual who has become a Participant in the Plan will remain a Participant for as long as an Account is maintained under the Plan for his or her benefit, or until his or her death, if earlier. Notwithstanding the preceding sentence and unless otherwise expressly provided for under the Plan, no contributions shall be made with respect to a Participant who is not an Eligible Employee. In the event a Participant remains an Employee but ceases to be an Eligible Employee and becomes ineligible to receive contributions, such Employee will again become eligible to receive contributions immediately upon returning to the class of Eligible Employees. In the event an Employee who is not an Eligible Employee becomes an Eligible Employee, such Employee will become a Participant in accordance with the applicable provisions of Section 3.1. In the event a Participant ceases to be an Eligible Employee, and by reason of such cessation is no longer eligible to receive contributions under the Plan, such a Participant or former Participant who is reemployed as an Eligible Employee shall again become eligible to receive contributions immediately upon such reemployment.”
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Approve Amendment to University of Washington 401(a) Plan for Selected Employees
(continued p. 2)

2. Section 4.1(b) shall be amended to read in its entirety as follows:

“(b) Provost. For the Plan Year beginning on July 1, 2013 and each of the subsequent three (3) Plan Years, the University will contribute for the Account of the Participant Provost serving as Provost on July 1, 2013 the maximum amount permitted by Sections 401(a)(17) and 415(c) of the Code, provided such Participant the Provost is serving in that capacity employed by an Affiliated Employer on the last day of the prior Plan Year.”

REVIEW AND APPROVAL

The language of this proposed change implements the employment agreement and deferred compensation agreement for Dr. Ana Mari Cauce, Interim President, as appointed to this position by the Board of Regents.
Legislative and Budget Update

This will be an oral report for information only.
University of Washington
Board of Regents
Resolution of Appreciation to
Michael K. Young

WHEREAS, Michael K. Young served with distinction as president of the University of Washington from July 2011 to March 2015, providing outstanding leadership to one of the world’s great research universities; and

WHEREAS, his vision for innovation and new initiative engendered a spirit of unlimited possibilities and unbounded horizons; and

WHEREAS, his commitment to the public mission of the University made it clear that it would serve Washingtonians from all walks of life and all economic circumstances; and

WHEREAS, his belief in the transformative experience of undergraduate life led to the enrichment of the Husky Student Experience as a top priority; and

WHEREAS, his conviction that discoveries in research must make their way eventually into improving people’s lives, maintained a sharp focus on the critical importance of the research enterprise to the overall success of the University; and

WHEREAS, alumni and friends continued during his presidency to contribute to the University’s many programs in record numbers;

NOW, THEREFORE, BE IT RESOLVED: That the members of the Board of Regents express to Michael K. Young their thanks for his leadership and service to the University, that we wish him success and happiness in his future endeavors, and that this Resolution be spread upon the minutes of the Board as a permanent record of its appreciation.
BoM B–3

BOARD OF REGENTS MEETING

Appointment of an Advisory Work Group on the Presidential Search

The Chair of the Board recommended a Regental work group be appointed to advise and recommend to the Board:

1. The chair whom the Board should appoint to lead the Presidential Search Advisory Committee;

2. The overall composition of this Search Advisory Committee, including the total number of committee members, groups to be represented, and individual committee members as appropriate;

3. The general structure, steps, and timeline for the search process; and

4. A letter or other instrument charging and establishing the Presidential Search Advisory Committee and its responsibilities.

The work group will be composed of Regent William S. Ayer, Regent Kristianne Blake, and Regent Jeremy Jaech.
BOARD OF REGENTS
Students inside Discovery Hall
Students inside Discovery Hall Lab
MakerBot 3D Printer and Prosthetics
“UW Bothell provides us with educators who can have an immediate impact on student learning…”

Larry Francois, Superintendent, Northshore Public School District

“The UW Bothell campus is like a gold mine. The student population is very diverse and has a lot of work experience to complement their education.”

Jeffrey Hanley, Director of Supplier Management, Boeing Commercial Airplanes
Thank you, Chairman Ayer and Members of the Board.

Thank you Chancellor Yeigh, the faculty, student, and staff here at Bothell for hosting us today. It’s wonderful to visit the Bothell campus on such a beautiful day and to hear about the growth of your programs and the enthusiasm of your students. UW Bothell and UW Tacoma are increasing access to UW and expanding the diversity of UW’s programs and its students and faculty – and I applaud their faculties.

I also want to thank the Board for appointing Ana Mari Cauce as interim President. Together with Provost Jerry Baldasty, she has managed a seamless transition and, except for the fact that the faculty is very pleased that both of them were willing to step up, I don’t think that anyone would even be aware that we have undergone a leadership transfer. The faculty values Ana Mari’s and Jerry’s long experience and deep understanding of the institution and the needs of faculty and students. On behalf of the faculty senate, I wish for their success and look forward to continuing a collaborative relationship.

With respect to the search, I am pleased to hear that the Board plans an inclusive process that will engage the campus community in defining the characteristics we seek in the next President. I emphasize, as I did at last meeting, that transparency and openness in the search process is key to faculty support. I hope the search process will be as short as possible so that we will have clarity and stability in our leadership as we deal with these challenging times for higher education.

Speaking of challenging times, I will not dwell here on the issues emerging in the current legislative session in Olympia. It sounds like we are all on the same page in advocating for greater public investment in the UW – and that requires that the State raise and devote more resources to higher ed. It’s important for this leadership to speak up now for our vision and to avoid
getting distracted by details of competing bills. I urge the Regents, the administration, the faculty and students all to advocate for an excellent, accessible, and affordable education for students and the value of this institution to the people of Washington.

Turning now to the faculty senate’s agenda, I would like to begin by noting two needs that relate to the Bothell and Tacoma campuses. First, because of the rapid growth, many faculty have been hired recently – especially lecturers. They are in desperate need of space in which to do their work and to meet with students. As this campus continues to grow and mature, the central administration and the Regents need to take care that all of the faculty who have contributed to its success are fairly compensated and can advance their careers. We must make sure that the UWB and UWT campuses have sufficient resources to excel in their missions.

Second, I will be asking for better technology to facilitate communications among the faculties of the three campuses. The Senate and its council lack video-conferencing capacity across the campuses. As is apparent from today’s presentations, there’s much to be learned by all campuses from all campuses. Among other things, the faculty at UW Seattle could benefit from learning more about the diverse students and programs at Bothell and Tacoma, and the Bothell and Tacoma faculties could benefit from easier participation in the more developed institutions of shared governance on the Seattle campus.

On a different subject, as you may recall the biggest discussion item on the senate agenda this year has been a proposal for a new faculty salary policy. You heard a lot about that from my predecessor Jack Lee, and I reported on it last fall.

The basic goals of the proposal are to provide predictable and increased compensation for long-serving, excellent faculty. The proposal is designed to: 1) to disaggregate cost of living adjustments from merit-based raises; 2) provide for meaningful, periodic post-tenure or, in the case of non-tenured faculty, periodic review over a career; 3) provide a small adjustable amount to give deans flexible tools to deal with particular needs; and 4) to diminish over-reliance on retention raises.

We have devoted much effort this year to ensure that all units have had an opportunity to review the proposal and to have their questions answered. We
have had a robust discussion and I think many faculties from diverse units have learned a great deal our needs and challenges. In particular, we had a discussion on the floor of the Senate that revealed some significant concerns from some units, especially some of the professional schools, about the policy's effects. In response, a small group has been hard to find means of maintainig the policy's basic goals – about which there is pretty general consensus – while giving units more flexibility to tailor the salary policy to their unique needs.

The faculty senate leadership had hoped to present proposed faculty code legislation to the Senate this spring, but after consulting with the faculty council charged with drafting the changes to the faculty code, we have decided that the proposal would benefit from more refinement, and the code language needs more attention to technical drafting concerns. We cannot complete that work in time for the senate's spring deadlines for enacting code legislation. I expect that salary legislation will be presented to the senate in autumn 2015, instead.

Before I close, I want to quickly mention two other items that will be coming before the Senate this spring. One is a resolution urging the administration to devote resources to provide for more high-quality, affordable childcare facilities and services on or near campus. As you review and fund capital projects, I urge the Regents to attend to our students', staff's, and faculty's need for childcare, particularly for very young children. The other is a resolution urging the faculty and administration to adopt an open access policy that will ensure that the public has ready, free access to our faculty’s research and scholarship. This is an important effort to join with other major research universities to ensure public access and to counter the impact of rapidly escalating subscription costs for academic journals.

Thank you for your time and consideration.