Call to Order and Attendance

Committee Chair Regent Pat Shanahan called the meeting to order at 8:30 a.m.
Committee Members Present: Pat Shanahan (Chair), Kristi Blake, and Orin Smith
Other Regents Present: Bill Ayer, Marnie Brown, Jeremy Jaech, Constance Rice, Rogelio Riojas, and Herb Simon

Consent Agenda and Approval of Minutes

Regent Shanahan asked if the minutes from the Committee meeting on May 14, 2015, as distributed, could be considered on the consent agenda. Hearing no objections the Committee moved to item F–1.

UW One Capital Plan (Information only) (Item no. F–1)

Paul Jenny, Senior Vice President of Planning & Management, provided this update. Regents expressed concerns about the consumption of debt and asked that funding for projects be reallocated to focus on key student services. Sr. VP Jenny said he expects escalation in construction projects costs, including bids. He may need to return to the Board with augmentation requests, mostly driven by labor costs. Some firms are not submitting bids or are only able to send their “B” teams. Capital Projects will need to increase budgets or reduce scope on some projects. UW has strong and ongoing relationships with contracting firms. CPO estimators are looking at national trends and forecasting. The new format for projects coming to the Board for approval “calls out” escalation.

Sr. VP Jenny talked about updates on Sound Transit projects. Referencing the Brooklyn station, he said UW holds air rights over the station and “up-zoning” may allow for a taller development than originally planned. UW is working with Sound Transit to engineer a solution to maximize use of that site.

Efficiency Report: Leadership Development for Information Technology Leaders Across the UW (Information only) (Item no. F–2)

Kelli Trosvig, Vice President and Chief Information Officer, UW Technology; Joe Shelley, Assistant Vice Chancellor and CIO, UW Bothell Information Technologies; Jenni Laughlin, EDMS Senior Project Leader, UW Information Technology; and Roland Lai, Director of IT Services, Department of Surgery, described the UW IT Leadership Development Program and the impact it has had on them.

The program was developed in response to UW’s need to manage and retain top talent. They revived a program that ended in 2008. Technology is transformational for the University. Seattle is a competitive market for technology professionals. UW is able to capture corporate “bounce
outs” seeking a better work-life balance. The program encourages succession planning,
expanding professional networks, and builds trust and collaboration.

Vice President Trosvig said they are also developing tracks for internal development, especially
for non-supervisory leadership. Jerry added there is a similar program underway to develop
faculty leaders.

University of Washington Business Diversity Program (Information only) (Item no. F–3)

Angela Battle, Director, Business Diversity Program, Planning & Management, described the
University’s Business Diversity Program.

Jim Evans, Assistant Director, Capital Projects Office, formerly at Sound Transit, described how
Capital Projects handles diversity contracts with the goal of tracking non-certified minority and
women-owned businesses. His goal is to implement organizational and process improvements in
CPO, including calibrated language in the solicitation process.

Regents asked about goal-setting and metrics for diversity contracting. The University has an
internal goal of 5%, and benchmarked against other state agencies is doing well.

Regent Shanahan offered the Board’s help and support. President Cauce recommended she issue
a statement in support of the University’s commitment to diversity, which the Board would
endorse at the July or September meeting.

Regent Ayer encouraged metrics and measurements be embedded in the contracting and
purchasing processes.

2018 Seattle Campus Master Plan (Information only) (Item no. F–4)

Rebecca Barnes, Associate Vice Provost, Campus/Capital Planning, Office of the University
Architect, Planning & Management and Theresa Doherty, Senior Project Director, Campus
Master Plan, Planning & Management, described the process to develop the Campus Master Plan
for 2018. Associate Vice Provost Barnes said there are up-zoning opportunities in west campus,
with green streets/active streets and open areas. This is a highly “amenitized” location. They are
looking at south campus redevelopment to increase density. Central campus remains the historic
core of the University, so there will be a cultural survey of campus.

Regent Shanahan requested Regents be involved in the process and review drafts. He also asked
that ACRE (Advisory Committee on Real Estate) be involved and review drafts. Regent Smith
asked if the campus underlying goals are articulated in developing the plan. President Cauce said
the campus master plan would align with the sustainable academic business plan.

UW Investment Committee (UWINCO) Update (Information only) (Item no. F–5)

Keith Ferguson, Chief Investment Officer, provided a UWINCO and investment report. He is
expecting a low return environment, with a downturn in 2017. Investment performance has been
good, and ahead of benchmarks, but it will get harder to achieve 7-8% returns. Regents and
UWINCO discussed best practices, specifically how to plan for long-term grown with structural
changes needed. Mr. Ferguson and his team will return in July with recommendations to create
two subcommittees: risk and compensation, President Cauce thanked UWINCO for their
expertise, citing the willingness of members to volunteer their services to the University.
Approve Resolution to Issue General Revenue Obligations for University Projects and for Refunding Purposes (Action) (Item no. F–6)

Following a brief introduction by Chris Malins, Associate Vice President, and Bill Starkey, Associate Treasurer, Regent Simon moved, Regent Blake seconded, and the Committee voted to approve the bond resolution as presented.

Audit Advisory Committee Update (Information only) (Item no. F–7)

Kristi Blake, Audit Advisory Committee Chair and Regent, thanked the members of the Committee for their time and effort, and praised their engagement. As a newly-formed Committee, the group is working mainly on process. At the last meeting, Kelli Trosvig gave a presentation on IT security risks. The Committee felt comfortable with the level of attention this topic is receiving. They reiterated their concerns about updating aging financial systems and are pleased this process is beginning. Current systems are over 40 years old. Unit managers are using “shadow systems.” This is unproductive – statistics from comparable universities show UW has twice as many people performing these administrative/financial tasks, so aside from security concerns an added benefit to updating financial systems will be increased productivity.

The Committee reviewed the UW’s contract with external auditors. The current contract is up for renewal (a four year contract with three two-year extensions). The Audit Advisory Committee wishes to be appropriately engaged in the process and is exploring what their role should be. The contract to hire external auditors requires Board of Regents approval.

Currently the Committee is developing a two-year plan for its meetings. Regent Blake thanked Regent Brown for her service to the Committee.

Adjourn

Hearing no other business to come before the Finance and Asset Management Committee, Regent Shanahan adjourned the meeting at 10:36 a.m.

Approved at the meeting of the Committee on July 9, 2015.