VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2

RECOMMENDED ACTIONS

(Board of Regents Review and Approval – BoR Stage 2)

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

1. Adopt the resolution (Attachment 1) authorizing Washington Biomedical Research Properties (WBRP) 3.2 as the non-profit entity to issue 63-20 bonds on behalf of the University of Washington and agreeing that the University will accept title to the bond-financed property, at no additional cost, when the bonds are retired;

2. Approve execution of a long-term facilities lease for the South Lake Union Phase 3.2 research building in support of a total borrowing of $143 million and a project budget of $127.8 million;

3. Approve the building naming plan; and

4. Delegate to the President of the University or the President’s authorized representative the authority to execute documents necessary to implement the transaction and financing.

<table>
<thead>
<tr>
<th>Project Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future Regents Action / Reporting (BoR Stage 3)</td>
</tr>
<tr>
<td>Project Description</td>
</tr>
</tbody>
</table>
## VII. STANDING COMMITTEES

### B. Finance and Asset Management Committee

**UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 2)**

| Budget | $143 million; $24.5 million from philanthropy and School of Medicine reserves, and $118.5 million from lease revenue bonds |
| Justification | All of the School of Medicine’s research space is assigned and SLU 3.2 expands the research footprint at SLU for the School, as well as provides the opportunity to integrate clinical care and research in this vibrant area. |
| Key Dates | Bonds issued September 2015, Occupancy March 2018 |

### PROJECT BACKGROUND

#### Phase 3.2 Sources and Uses of funds

**Sources of Funds**

| Equity (1) | 24,500,000 |
| Debt - Building | 113,900,000 |
| Debt - Equipment | 4,600,000 |
| **Total Sources of Funds** | **143,000,000** |

**Uses of Funds**

| Building | 122,300,000 |
| Capitalized Interest (2) | 14,200,000 |
| Cost of Issuance | 1,900,000 |
| Equipment | 4,600,000 |
| **Total Uses of Funds** | **143,000,000** |

(1) Equity is approximately 20 percent of the building cost. The $24.5 million will be included in the total borrowing, and paid through an up-front lease payment in March of 2018. The amortizing debt will be $118.5 million.

(2) Capitalized Interest is money borrowed to pay bondholders during project construction. Interest is capitalized through March 2018.


VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 3)

Project Description and Planned Use

UW Medicine at South Lake Union is a multi-phase project (Project) that began in 2003 and is expected to be completed by 2022. The complete build-out will be comprised of five biomedical research buildings and one administrative and dry lab office building on two full blocks in the South Lake Union area of Seattle. See the map on Attachment 2 for details. When completed, the five buildings of Phases I, II, and III will provide over 800,000 gross square feet (GSF) of space in support of School of Medicine (SoM) research programs and UW Medicine clinical programs.

The Brotman Building (Phase I) provides 100,000 GSF of research space and was completed in 2004. Phase II was completed in 2008 and consists of an administrative and research office building of 100,000 GSF and a research building of 166,000 GSF with associated parking and loading facilities. The Phase I and II buildings came in on time and on budget and are fully assigned.

Phase III is being developed as three separate research buildings in three sub-phases (Phases 3.1, 3.2, and 3.3). Phase 3.1, with 147,000 of GSF of research space, was completed on time and on budget in the spring of 2013. Its underground parking and infrastructure serve both Phases 3.1 and 3.2.

Phase 3.3 will be approximately 180,000 GSF, with additional below-grade parking and loading constructed and integrated with the parking for Phases 3.1 and 3.2. Phase 3.3 is currently anticipated to be completed in 2022.

Phase 3.2 will be a building of approximately 165,000 GSF of research and clinical space. It is anticipated that Phase 3.2 will be completed by the end of calendar 2017, and occupied by March 2018. Its underground parking and much of its infrastructure were already constructed as part of Phase 3.1. Attachment 3 summarizes the Phase 3.2 project budget.

Upon approval by the Board and proper execution of all documents, final design work for Phase 3.2 will be undertaken in order to allow pre-bidding of large long lead items in fall of 2015. Permanent financing is anticipated to take place in September 2015. Construction will begin in November of 2016. Previous Board of Regents actions regarding South Lake Union are summarized in Attachment 4 and a chronology of future key dates is shown in Attachment 5.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 4)

SLU houses the Center for Cardiovascular Biology, Center for Translational Medicine in Women’s Health, Center for Allergy and Inflammation, Bio-Molecular Imaging Center, Center for Lung Biology, Proteomics Resource, Center for Allergy and Inflammation, Institute for Stem Cell and Regenerative Medicine, Diabetes and Obesity Center of Excellence, Mitochondrial and Metabolism Research Center, Northwest Metabolomics Research Center, Centers for Emerging and Re-Emerging Diseases, Rheumatology, Immunology, Kidney Research and Vision Sciences.

All of the current SLU research space is fully assigned and a list of proposed occupants in Phase 3.2 and for backfill space has been developed. New programs and expansion of existing programs include microbiology, global health, kidney research, immunology, biomedical informatics, neurosciences, protein design, dermatology, anesthesiology, gastrointestinal and behavioral assays. Some of these will be anticipated tenants at SLU 3.2 and some will backfill vacated space.

BUSINESS CASE

Institutional Need for Project

The SLU 3.2 project and associated borrowing has been identified in the One Capital Plan. The issuance of the debt reduces overall project capacity, but maintains UW’s financial ratios in line with Aa peers as shared with the Board at the March 2015 meeting.

<table>
<thead>
<tr>
<th>Five Year Project Capacity Projection ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Capacity (2016-2020) (1)</td>
</tr>
<tr>
<td>Plus: remaining CAP (2)</td>
</tr>
<tr>
<td><strong>Total Project Capacity</strong></td>
</tr>
<tr>
<td>Less: Authorized Projects (3)</td>
</tr>
<tr>
<td>Less: SLU 3.2 Bonds</td>
</tr>
<tr>
<td><strong>Remaining Project Capacity</strong></td>
</tr>
</tbody>
</table>

(1) Not inclusive of current outstanding debt. Figures represent how much additional debt the University can issue over the next five years
(2) 10% of the Invested Funds, less previously allocated Capital Assets Pool (CAP) dollars

F–4/209-15
9/10/15
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 5)

(3) Cash flow needs for authorized projects from Fiscal Year 2016 onwards

Over the past ten years, the School’s grant activity has grown at an average annual rate of 3.0 percent and awards have grown at an average annual rate of 4.6 percent. Because there is little surplus research space on campus, much of the growth in medical research has been possible because of the additional space at South Lake Union.

The overall growth in South Lake Union in the past decade also presents an opportunity to bring clinical care to the area. With many University employees located there, and other major employers such as Amazon expanding rapidly, the location is ideal for a new UW Neighborhood Clinic in SLU 3.2. In addition to the Neighborhood Clinic, there will also be a Diabetes Clinic and an Ophthalmology Clinic focused on retinal diseases providing the opportunity to integrate clinical care and research.

The importance of South Lake Union is reflected in the University’s substantial investment to date in Phase I, Phase II and Phase 3.1. The opportunity to capitalize fully on this investment, including the underground infrastructure and parking built for 3.2 as part of 3.1, will be supported by moving forward with 3.2. This also sets the stage for the future Phase 3.3, and additional research capacity going forward.

The Transaction

The project will be funded by issuing lease revenue bonds. These bonds will be issued by WBRP 3.2, a non-profit entity, using a 63-20 structure as shown in Attachment 6. Under this structure, the residual value of the lease will revert to the UW at no additional cost when the bonds are paid off.

City Investors XII LLC is the underlying owner of the property, and has ground leased the building sites in Phases I, II and III to subsidiaries of the National Development Council (each NDC affiliate is formed under the name WBRP). The University subleases each completed building under a separate facilities lease from WBRP.
A ground lease for the site of SLU Phase 3.2 is already in place between City Investors XII LLC and WBRP 3.2, as is a ground sublease of the site from WBRP to the University. A new facilities lease between the University and WBRP 3.2 will replace the ground sublease in connection with the construction of the new research building.

The facilities lease for 3.2 will have a term of 48 years, expiring in 2063 [current ground lease 2058 + 5]. Because of the way that the three sub-phases of Phase III are tied together, moving forward on the facilities lease for 3.2 includes exercising a five-year extension of the lease for 3.1 and the ground lease for 3.3. Approving Phase 3.2 does not obligate the University to take any future action for Phase 3.3. Phase 3.3, if brought forward for future approval, will have undergone a thorough financial due diligence.

As with the leases for Phases I, II and 3.1, the facilities lease for 3.2 provides for the University to be responsible for payment of rent that covers debt service for all construction costs for the project plus payment of all operating costs over time.

**FINANCIAL ASSESSMENT**

In order to secure the most cost effective bond rates, the facilities lease will obligate the University to make payments from General Revenues, which are a broader revenue pool than the School of Medicine revenues that are directly responsible for those payments.

Furniture, fixtures, equipment and other personal property for use by the University in the buildings will be acquired either directly by the University or by WBRP 3.2 through a tax-exempt financing lease mechanism or as part of the University’s FAST program. The loan term will not exceed 12 years. All lenders will be competitively selected based on lowest overall cost.

**Phase 3.1 performance**

Phase 3.1 was approved by the Regents in 2010 and research began in the facility in 2013. Since that time, actual performance has been below proforma. The most recent Semi-Annual Borrowers Report on South Lake Union from March 2015 indicates that lower than modeled density and a smaller percentage of federal research in the facilities have led to less indirect cost for administrative purposes. Accordingly, the assumptions for SLU 3.2 are more conservative than in prior phases, with lower year to year growth in direct cost and lower grant density.
VII. STANDING COMMITTEES

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UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 7)

**Phase 3.2 proforma**

The base case proforma is shown in Attachment 7. Major assumptions are listed below.

**Base Case Assumptions**

- Indirect Cost Rate (ICR): 74%, calculated rate is 80.1%
- Modified Direct Cost per square foot (2014): $219
- Modified Direct Cost Growth Rate: 1% (last 10 years of SoM expenditures at 3%, total awards at 4.6%, and federal awards at 2.5%)
- Operating Costs Growth Rate: 3.0%
- Borrowing Rate: 4.76% for shell and core, 4.28% for tenant improvements, and 4.08% for equipment
- Equity: $24.5 million funded from gifts and UW Medicine reserves
- Project Completion: 2018, first stabilized grant year is 2022

**Key Risks and Stress Tests**

The overall financial performance of SLU 3.2 is dependent on many factors, including the interest rate on the debt, construction inflation, grant density and the negotiated indirect cost rate. However, the top two risks to SLU 3.2 financial performance are the research density in the facility and the negotiated indirect cost rate.

**Stress Tests**

If grant density, defined as direct cost divided by assignable square feet, were $188 per square foot (rather than $219 in the base case), the Phase 3.2 average annual shortfall would increase by $1.3 million annually over the seven year period, to $2 million from $714 thousand.
If the indirect cost rate were 68% (rather than 74% in the Base Case), the Phase 3.2 average annual shortfall would increase by $1.3 million annually over the seven year period from the first stabilized year in 2022 through 2028, to $2 million from $714 thousand.

If both scenarios were to occur, the Phase 3.2 project deficit would increase by $2.6 million annually over the seven year period to $3.3 million from $700 thousand. These stress tests are shown in Attachment 8.

Risk Mitigation

If the negotiated indirect cost rate grant density does not meet proforma, the School of Medicine has identified three mitigation strategies that could be employed:

1) Identify additional funding, including repurposing Administrative Indirect Cost Recovery (ICR) and reserves
2) Delay capital expenditures
3) Repurpose Space
   a. More space for clinical use
   b. Consolidate research from other leased space into the Phase III facilities
   c. Lease space to non-UW research to the extent allowed under tax law and the terms of the master ground lease.

FACILITY NAMING PLAN

Naming a new building at the University of Washington in recognition of a substantial contribution offers donors a premier opportunity to substantially benefit a particular unit or school of the University, in this case UW Medicine. The Regents’ Facilities and Spaces Naming Policy (Attachment 9) outlines the parameters that will be applied to naming at SLU 3.2. Final decisions to name buildings, outdoor areas and spaces will be made consistent with the approval process outlined in section 4 of the policy.

Naming Considerations and Levels

In developing the following recommended recognition levels for naming gifts for SLU 3.2, four factors have been considered:

- the total cost and square footage of the project;
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 9)

- parity with other naming and recognition opportunities at the University of Washington;
- comparative benchmarking of peer institutions around the country; and
- a donor’s history, relationship and total cumulative philanthropic support to the University.

With these considerations in mind, the following recognition opportunities are recommended.

Proposed naming opportunities:*  
Named Building** $15,000,000-$30,000,000  
Clinics $5,000,000-$15,000,000  
Research Centers $5,000,000-$15,000,000  
Courtyard $3,000,000-$5,000,000  
Auditorium $2,500,000-$5,000,000  
Main Lobby $2,500,000-$5,000,000  
Other Interior Spaces $250,000-$1,000,000  
(Conference rooms, lounges, offices)

* Pending final building design and square footage/space assignments  
**The minimum figure for naming the building ($15,000,000) is based on the equity needed from philanthropy to proceed with the project.

Special Considerations

- Naming opportunities for buildings, programs and spaces housed at South Lake Union will take into account that the spaces are leased and not owned by the University of Washington. Therefore, the naming opportunities offered to prospective individual donors will be “term” namings that will be offered for a specified period of years that match the term of the lease of the building.

- In addition to any current gift or pledge made to name a building or space, at the time of approval, it is recommended that the Board of Regents gives special consideration to a donor’s relationship, history, impact and cumulative giving to the University, when appropriate.

ADMINISTRATIVE REVIEWS AND APPROVALS

The recommendation to proceed with a long-term Facilities Lease for South Lake Union Phase 3.2 has been approved by the interim President, the CEO of UW
B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 10)

Medicine and Dean of the School of Medicine, the interim Provost, the Senior Vice President for Planning and Management, the interim Vice President for Finance and Facilities and the Vice President for Advancement. The structure of the transaction and the viability of the financing plan have been reviewed and recommended for approval by the UW Medicine Board, the School of Medicine, the Real Estate Office, and the Treasury Office. As in Phases I, II and 3.1, the University’s financial advisor, real estate counsel and bond counsel will review and approve all transaction documents prior to their execution.

Attachments

1) WBRP Phase 3.2 Resolution
2) Site Map
3) Phase 3.2 Project Budget
4) Previous Board of Regents Items Timeline
5) Phase III Chronology of Key Dates
6) 63-20 Diagram
7) Base Case Proforma
8) Density Stress
9) Board of Regents Governance, Regent Policy No. 6, Facility and Spaces Naming Policy
WBRP Phase 3.2 Resolution

BOARD OF REGENTS

UNIVERSITY OF WASHINGTON

RESOLUTION

DATED __________, 2015

A RESOLUTION of the Board of Regents of the University of Washington approving the issuance by WBRP 3.2 of bonds for the purpose of financing biomedical research facilities, and agreeing to accept title to the bond-financed property, at no additional cost, when the bonds are retired.

WHEREAS, pursuant to Revenue Procedure 82-26 of the U.S. Treasury (the "Revenue Procedure"), a nonprofit may issue bonds as tax-exempt obligations; and

WHEREAS, WBRP 3.2 has been formed as a nonprofit corporation for the purpose of financing biomedical research facilities for lease to UW Medicine at South Lake Union (the "Project"), as a component of the third phase of a three-phase project which commenced in 2003; and

WHEREAS, the Revenue Procedure requires that, within one year prior to issuance of the bonds, the University approve the nonprofit and the bonds to be issued, and agree to accept title to the Project when the bonds are retired;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON, as follows:

Section 1. Findings. The Board of Regents hereby finds that the University must provide sufficient space to accommodate the University's educational and research activities. UW Medicine has experienced a particular need for expanded research facilities, which cannot be met on the main Seattle campus. The Board of Regents finds that continued development of the biomedical research center at South Lake Union is the most desirable means to satisfy the need of UW Medicine for additional research facilities. The Board of Regents further finds that the University does not wish to undertake directly the governmental burden of such development, and that the involvement of WBRP 3.2 as described in this resolution provides a more efficient means of accomplishing the needs of the University in this regard.
Section 2. Approval of Financing and Acceptance of Title. The Board of Regents hereby requests that WBRP 3.2 undertake the acquisition, financing and development of the Project, and thereby relieve the University of the governmental burden thereof. The University hereby approves WBRP 3.2 solely for the purposes of approving the issuance by it of bonds to finance the Project under the Revenue Procedure. The University further agrees to accept title to

the property financed by the bonds, including any additions to that property, when the bonds are discharged. At such time, title to the property financed by the bonds will be transferred to the University at no additional cost.

Section 3. General Authorization; Ratification of Prior Acts. All appropriate officers of the University are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 4. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open public meeting of the Board of Regents of the University, after notice thereof was duly and regularly given as required by law, this ____ day of _________, 2015.

BOARD OF REGENTS,
UNIVERSITY OF WASHINGTON

By

________________________

Attest:

By __________________________

Approved as to form:

________________________________________

Stacey Crawshaw-Lewis
Special Assistant
Attorney General
State of Washington
Site Map

Current Total: 513,000 GSF  
Potential Total: +/- 858,000 GSF

Phase III (All Lab) 2013, 2018, 2022
3.1: 147,000 GSF (above ground)
3.2: 165,000 GSF
3.3: 180,000 GSF

Phase I (Brotman) 2004
Lab: 100,000 GSF
Phase II 2008
Lab: 166,000 GSF
Office: 100,000 GSF
**Phase 3.2 Project Budget**

**SLU 3.2 Project Budget**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural &amp; Engineering</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Consultants</td>
<td>$894,000</td>
</tr>
<tr>
<td><strong>Total Consultant Services</strong></td>
<td><strong>$9,894,000</strong></td>
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<tr>
<td><strong>Construction Costs</strong></td>
<td><strong>$98,246,045</strong></td>
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<tr>
<td>Furniture Fixtures and Equipment</td>
<td>$4,563,000</td>
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<tr>
<td>Other Costs</td>
<td>$1,092,135</td>
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<tr>
<td>Project Administration</td>
<td>$4,529,000</td>
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<tr>
<td><strong>Total Other Costs</strong></td>
<td><strong>$10,184,135</strong></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$118,324,180</strong></td>
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<tr>
<td>Project Contingency</td>
<td>$8,568,000</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>$14,200,000</td>
</tr>
<tr>
<td>Cost of Issuance</td>
<td>$1,900,000</td>
</tr>
<tr>
<td><strong>Total Design, Construction and Financing Cost</strong></td>
<td><strong>$142,992,180</strong></td>
</tr>
</tbody>
</table>
Attachment 4 – Previous Board of Regents Items Timeline

- **1998**: Study of Off-Campus Sites
- **2003**: Phase I Complete
- **2004**: Phase II Complete
- **2008**: Phase 3.1 Complete
- **2010**: Projected Completion of Phase 3.2
- **2013**: Projected Completion of Phase 3.3

**Lease End Dates:**
- Phase I – 2039 (if 10 yr – 2049*)
- Phase II – 2043 (if 10 yr – 2053*)
- Phase III – 2058 (if 2-5yr – 2068*)

*if extension option(s) exercised
Phase III Chronology of Key Dates

Proposed 3.2 Project Schedule

July 2015
• UW Board of Regent approval

September 2015
• Permanent financing in place

July 2016
• Amended MUP (to address clinic space) must be issued by this date
• Building permit applied for

November 2016
• Building permit issued
• Construction begins

February 2018
• Substantial completion

June 2018
• Move-In completed

Key External Contract Dates

December 2015
• Deadline for exercising 1st ground lease extension

October 2016
• Existing Master Use Permit expires (building permit must be applied by this date to maintain project vesting)

January 2018
• Last date to begin construction to avoid Ground Lessor (Vulcan) right of re-entry

June 2018
• Expiration date of high-tech tax deferral certificate

January 2020
• Last date to begin construction as to 3.3 to avoid Vulcan right of re-entry
63-20 Diagram

City Investors XII LLC (Landowner)

Development Services Agreement

Ground Lease/$$

Bondholders

Bond Proceeds

Bonds

Debt Service

WBRP III 501(C)(3)

Ground Rent

UW School of Medicine

Facility Lease
## ATTACHMENT 7 - BASE CASE PROFORMA

### BASE CASE ($219/asf and 74% indirect cost rate)

<table>
<thead>
<tr>
<th>$ thousands</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
<th>CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modified Total Direct Cost</td>
<td>23,588</td>
<td>23,824</td>
<td>24,063</td>
<td>24,303</td>
<td>24,546</td>
<td>24,792</td>
<td>25,040</td>
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<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Facilities ICR</td>
<td>9,747</td>
<td>9,845</td>
<td>9,943</td>
<td>10,043</td>
<td>10,143</td>
<td>10,244</td>
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<td>Administrative ICR</td>
<td>5,512</td>
<td>5,567</td>
<td>5,622</td>
<td>5,679</td>
<td>5,735</td>
<td>5,793</td>
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<tr>
<td>Clinical</td>
<td>870</td>
<td>896</td>
<td>922</td>
<td>950</td>
<td>979</td>
<td>1,008</td>
<td>1,038</td>
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<tr>
<td>Parking</td>
<td>87</td>
<td>90</td>
<td>92</td>
<td>95</td>
<td>98</td>
<td>101</td>
<td>104</td>
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<tr>
<td>State Appropriations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total Revenue</td>
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<td>16,580</td>
<td>16,766</td>
<td>16,955</td>
<td>17,146</td>
<td>17,340</td>
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<tr>
<td><strong>Expense:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and Maintenance</td>
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<td>2,277</td>
<td>2,345</td>
<td>2,415</td>
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<td>Ground Rent</td>
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<td>958</td>
<td>983</td>
<td>1,110</td>
<td>1,110</td>
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<td>Debt Service - Building</td>
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<td>5,668</td>
<td>5,668</td>
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<td>5,667</td>
<td>5,664</td>
<td>5,668</td>
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<tr>
<td>Debt Service - Tenant Impr.</td>
<td>2,013</td>
<td>2,017</td>
<td>2,013</td>
<td>2,017</td>
<td>2,017</td>
<td>2,013</td>
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<tr>
<td>Debt Service - Equipment</td>
<td>451</td>
<td>451</td>
<td>451</td>
<td>455</td>
<td>453</td>
<td>455</td>
<td>452</td>
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<td>Capital Reserve</td>
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<td>225</td>
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<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>0.0%</td>
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<td>Total Expense</td>
<td>11,526</td>
<td>11,596</td>
<td>11,660</td>
<td>11,759</td>
<td>11,959</td>
<td>12,030</td>
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<tr>
<td>Remaining Administrative ICR</td>
<td>4,689</td>
<td>4,801</td>
<td>4,920</td>
<td>5,007</td>
<td>4,996</td>
<td>5,116</td>
<td>5,230</td>
<td>4,966</td>
</tr>
<tr>
<td>Administrative ICR used</td>
<td>822</td>
<td>766</td>
<td>702</td>
<td>671</td>
<td>739</td>
<td>677</td>
<td>621</td>
<td></td>
</tr>
</tbody>
</table>

*CAGR=Compound Annual Growth Rate
ICR=indirect cost recovery

**Notes:**
1) 2022 is the first stabilized year
2) SLU 3.2 has 122,422 net assignable square feet
3) MTDC/FICR increase by 1% per year
4) Negotiated SLU IC rate remains the same at 74% (calculated rate is 80.1%)
5) Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
### ATTACHMENT 8 – DENSITY STRESS

**STRESS CASE - DENSITY AT $188/asf**

<table>
<thead>
<tr>
<th>$ thousands</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
<th>CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Modified Total Direct Cost</strong></td>
<td>20,634</td>
<td>20,841</td>
<td>21,049</td>
<td>21,260</td>
<td>21,472</td>
<td>21,687</td>
<td>21,904</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Indirect Cost</td>
<td>8,469</td>
<td>8,553</td>
<td>8,639</td>
<td>8,725</td>
<td>8,812</td>
<td>8,901</td>
<td>8,990</td>
<td>1.0%</td>
</tr>
<tr>
<td>Administrative ICR</td>
<td>4,413</td>
<td>4,457</td>
<td>4,502</td>
<td>4,547</td>
<td>4,592</td>
<td>4,638</td>
<td>4,684</td>
<td>1.0%</td>
</tr>
<tr>
<td>Clinical</td>
<td>870</td>
<td>896</td>
<td>922</td>
<td>950</td>
<td>979</td>
<td>1,008</td>
<td>1,038</td>
<td>3.0%</td>
</tr>
<tr>
<td>Parking</td>
<td>87</td>
<td>90</td>
<td>92</td>
<td>95</td>
<td>98</td>
<td>101</td>
<td>104</td>
<td>3.0%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>13,838</td>
<td>13,995</td>
<td>14,155</td>
<td>14,317</td>
<td>14,481</td>
<td>14,647</td>
<td>14,816</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>2,210</td>
<td>2,277</td>
<td>2,345</td>
<td>2,415</td>
<td>2,488</td>
<td>2,563</td>
<td>2,639</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ground Rent</td>
<td>958</td>
<td>958</td>
<td>958</td>
<td>983</td>
<td>1,110</td>
<td>1,110</td>
<td>1,110</td>
<td>2.5%</td>
</tr>
<tr>
<td>Debt Service - Building</td>
<td>5,669</td>
<td>5,668</td>
<td>5,668</td>
<td>5,664</td>
<td>5,667</td>
<td>5,664</td>
<td>5,668</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service - Tenant Impr.</td>
<td>2,013</td>
<td>2,017</td>
<td>2,013</td>
<td>2,017</td>
<td>2,013</td>
<td>2,017</td>
<td>2,017</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service - Equipment</td>
<td>451</td>
<td>451</td>
<td>451</td>
<td>455</td>
<td>453</td>
<td>455</td>
<td>452</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>11,526</td>
<td>11,596</td>
<td>11,660</td>
<td>11,759</td>
<td>11,959</td>
<td>12,030</td>
<td>12,110</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Remaining Administrative ICR</strong></td>
<td>2,312</td>
<td>2,400</td>
<td>2,495</td>
<td>2,558</td>
<td>2,522</td>
<td>2,617</td>
<td>2,704</td>
<td>2.510</td>
</tr>
</tbody>
</table>

*ICR=Indirect cost recovery
*CAGR=Compound Annual Growth Rate

Notes:
1) 2022 is the first stabilized year
2) SLU 3.2 has 122,422 net assignable square feet
3) MTDC/FICR increase by 1% per year
4) Negotiated SLU IC rate remains the same at 74% (calculated rate is 80.1%) 
5) Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
6) Stress test assumes $188 MTDC/ASF (base case is $218), highlighted rows change from base case
7) Highlighted rows are a change from the base case

---

**UW Medicine**

F-4.8/209-15
9/10/15
## ATTACHMENT 8 – RATE STRESS

### STRESS CASE - INDIRECT Cost RATE AT 68%

<table>
<thead>
<tr>
<th>$ thousands</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
<th>CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modified Total Direct Cost</td>
<td>23,588</td>
<td>23,824</td>
<td>24,063</td>
<td>24,303</td>
<td>24,546</td>
<td>24,792</td>
<td>25,040</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Indirect Cost</td>
<td>8,538</td>
<td>8,623</td>
<td>8,710</td>
<td>8,797</td>
<td>8,885</td>
<td>8,973</td>
<td>9,063</td>
<td>1.0%</td>
</tr>
<tr>
<td>Administrative ICR</td>
<td>4,413</td>
<td>4,457</td>
<td>4,502</td>
<td>4,547</td>
<td>4,592</td>
<td>4,638</td>
<td>4,684</td>
<td>1.0%</td>
</tr>
<tr>
<td>Clinical</td>
<td>870</td>
<td>896</td>
<td>922</td>
<td>950</td>
<td>979</td>
<td>1,008</td>
<td>1,038</td>
<td>3.0%</td>
</tr>
<tr>
<td>Parking</td>
<td>87</td>
<td>90</td>
<td>92</td>
<td>95</td>
<td>98</td>
<td>101</td>
<td>104</td>
<td>3.0%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>13,907</td>
<td>14,066</td>
<td>14,226</td>
<td>14,388</td>
<td>14,553</td>
<td>14,720</td>
<td>14,890</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>2,210</td>
<td>2,277</td>
<td>2,345</td>
<td>2,415</td>
<td>2,488</td>
<td>2,563</td>
<td>2,639</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ground Rent</td>
<td>958</td>
<td>958</td>
<td>958</td>
<td>983</td>
<td>1,110</td>
<td>1,110</td>
<td>1,110</td>
<td>2.5%</td>
</tr>
<tr>
<td>Debt Service - Building</td>
<td>5,669</td>
<td>5,668</td>
<td>5,668</td>
<td>5,664</td>
<td>5,667</td>
<td>5,664</td>
<td>5,668</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service - Tenant Impro.</td>
<td>2,013</td>
<td>2,017</td>
<td>2,013</td>
<td>2,017</td>
<td>2,017</td>
<td>2,013</td>
<td>2,017</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service - Equipment</td>
<td>451</td>
<td>451</td>
<td>451</td>
<td>455</td>
<td>453</td>
<td>455</td>
<td>452</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>11,526</td>
<td>11,596</td>
<td>11,660</td>
<td>11,759</td>
<td>11,959</td>
<td>12,030</td>
<td>12,110</td>
<td>0.8%</td>
</tr>
<tr>
<td>Remaining Administrative ICR</td>
<td>2,382</td>
<td>2,470</td>
<td>2,566</td>
<td>2,629</td>
<td>2,594</td>
<td>2,690</td>
<td>2,784</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

| Administrative ICR used | 2,031 | 1,987 | 1,936 | 1,917 | 1,998 | 1,948 | 1,905 |

*CAGR=Compound Annual Growth Rate  
ICR=Indirect cost recovery

Notes:  
1) 2022 is the first stabilized year  
2) SLU 3.2 has 122,422 net assignable square feet  
3) MTDC/FICR increase by 1% per year  
4) Negotiated SLU IC rate remains the same at 74% (calculated rate is 80.1%)  
5) Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)  
6) Stress test assumes 68% indirect cost rate (base case is 74%)  
   MTDC is same as base case, as it does not change when there is a change in indirect cost rate  
7) Highlighted rows are a change from the base case
## ATTACHMENT 8 – COMBINED STRESS

### STRESS CASE - COMBINED $188/asf AND INDIRECT COST RATE AT 68%

<table>
<thead>
<tr>
<th>$ thousands</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
<th>CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modified Total Direct Cost</td>
<td>20,634</td>
<td>20,841</td>
<td>21,049</td>
<td>21,260</td>
<td>21,472</td>
<td>21,687</td>
<td>21,904</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

### Revenue:

<table>
<thead>
<tr>
<th>Source</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
<th>CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities ICR</td>
<td>7,419</td>
<td>7,493</td>
<td>7,568</td>
<td>7,644</td>
<td>7,720</td>
<td>7,797</td>
<td>7,875</td>
<td>1.0%</td>
</tr>
<tr>
<td>Administrative ICR</td>
<td>4,413</td>
<td>4,457</td>
<td>4,502</td>
<td>4,547</td>
<td>4,592</td>
<td>4,638</td>
<td>4,684</td>
<td>1.0%</td>
</tr>
<tr>
<td>Clinical</td>
<td>870</td>
<td>896</td>
<td>922</td>
<td>950</td>
<td>979</td>
<td>1,008</td>
<td>1,038</td>
<td>3.0%</td>
</tr>
<tr>
<td>Parking</td>
<td>87</td>
<td>90</td>
<td>92</td>
<td>96</td>
<td>98</td>
<td>101</td>
<td>104</td>
<td>3.0%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>12,788</td>
<td>12,935</td>
<td>13,084</td>
<td>13,235</td>
<td>13,389</td>
<td>13,544</td>
<td>13,702</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

### Expense:

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<thead>
<tr>
<th>Item</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
<th>CAGR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations and Maintenance</td>
<td>2,210</td>
<td>2,277</td>
<td>2,345</td>
<td>2,415</td>
<td>2,488</td>
<td>2,563</td>
<td>2,639</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ground Rent</td>
<td>958</td>
<td>958</td>
<td>958</td>
<td>983</td>
<td>1,110</td>
<td>1,110</td>
<td>1,110</td>
<td>2.5%</td>
</tr>
<tr>
<td>Debt Service - Building</td>
<td>5,669</td>
<td>5,668</td>
<td>5,668</td>
<td>5,664</td>
<td>5,667</td>
<td>5,664</td>
<td>5,668</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service - Tenant Improvements</td>
<td>2,013</td>
<td>2,017</td>
<td>2,013</td>
<td>2,017</td>
<td>2,017</td>
<td>2,013</td>
<td>2,017</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service - Equipment</td>
<td>451</td>
<td>451</td>
<td>451</td>
<td>455</td>
<td>453</td>
<td>455</td>
<td>452</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>225</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Expense</td>
<td>11,526</td>
<td>11,596</td>
<td>11,660</td>
<td>11,759</td>
<td>11,959</td>
<td>12,030</td>
<td>12,110</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

### Remaining Administrative ICR

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>1,262</td>
<td>1,339</td>
<td>1,424</td>
<td>1,476</td>
<td>1,430</td>
<td>1,514</td>
<td>1,592</td>
</tr>
<tr>
<td>Average</td>
<td>1,433</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Administrative ICR used

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
<th>FY2026</th>
<th>FY2027</th>
<th>FY2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>3,151</td>
<td>3,118</td>
<td>3,077</td>
<td>3,071</td>
<td>3,162</td>
<td>3,124</td>
<td>3,093</td>
</tr>
</tbody>
</table>

*CAGR=Compound Annual Growth Rate
ICR=Indirect cost recovery

**Notes:**
1) 2022 is the first stabilized year
2) SLU 3.2 has 122,422 net assignable square feet
3) MTDC/FICR increase by 1% per year
4) Negotiated SLU IC rate remains the same at 74% (calculated rate is 80.1%)
5) Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
6) Stress test assumes MTDC $188/asf (base case is $219) and 68% indirect cost rate (base case is 74%),
7) Highlighted rows are a change from the base case
Facilities and Spaces Naming Policy

1. General Guidelines for Naming Opportunities

The University of Washington recognizes the importance of naming opportunities for its buildings, outdoor and interior areas, spaces, features, and objects, and this document sets forth the University’s naming guidelines. Naming actions shall not detract from the institution’s values, dignity, integrity, or reputation, nor shall any such actions create a conflict of interest, or the appearance of a conflict of interest, or confer special privileges.

2. Buildings or Outdoor Areas or Spaces Naming Guidelines – Final Approval by the Board of Regents

A. Buildings or outdoor areas or spaces may be named for a person, or family, associated with the University community who has rendered distinguished service to the University or who has made a significant contribution to society, or for a donor to the University whose gifts represent a "substantial contribution" toward the project cost, provided that the individual or family or donor has a prominent relationship with the University and/or the region, with a positive image and demonstrated integrity. In the event of changed circumstances, the University reserves the right, on reasonable grounds, to revise the form of or withdraw recognition.

B. Corporations or organizations are encouraged to be major donors to the University by recognizing with naming opportunities a person or family important to their success. Only in rare, exceptional situations will a building or outdoor area or space be named for a corporation or organization whose gifts represent a "substantial contribution" toward the project cost. The corporation or organization must have a prominent relationship with the University and/or the region, with a positive image and demonstrated integrity. In the event of changed circumstances, the University reserves the right, on reasonable grounds, to revise the form of or withdraw recognition.
C. A "substantial contribution" is the target gift amount for naming that is set for each project as part of the Project Budget approved by the Board of Regents in the early stages of project development.

D. Pledges for naming should be paid in full within five years of the commitment.

E. Buildings named for an individual or family generally will either be termed "______ Hall" (e.g. "William H. Gates Hall") or "______ Building" (e.g. "William H. Foege Building").

F. The name will generally remain on the building or outdoor area or space for the life of the building, area, or space. If at some future time the building or outdoor area or space is replaced (which may include a major reconstruction that substantially changes the function or appearance of a building's interior and/or exterior), the use of the existing or a new name for the replacement facility will be subject to the approval of the Board of Regents pursuant to Section 4 below.

G. In cases where a corporation or organization name is used, the number of years during which the building or outdoor area or space will be named may be limited, normally to a period not to exceed 25 years. The proposed number of years for naming the project will be identified when it is presented to the Board of Regents for approval. The gift agreement will specify the number of years during which the building or outdoor area or space will be named and it will include the clause that any name changes during that period will be at the University’s sole discretion, subject to approval by the Board of Regents.

H. The name will appear on the building, appropriate signage as determined by the University, and University maps and other documents in University approved lettering. No corporate logos will be permitted, except pursuant to Section 5 below.

3. Interior Areas, Features, Objects or Spaces – Final Approval by the President

A. Interior areas, features, objects or spaces may be named for a person or family associated with the University community who has rendered distinguished service to the University or who has made a significant contribution to society, or for a major donor to the University whose gifts represent a substantial contribution toward the project cost or the purchase of the object, provided that the individual or family or benefactor has a prominent relationship with the University and/or the region, and he or she has a positive image and demonstrated integrity. In the event of changed circumstances, the University reserves the right, on reasonable grounds, to revise the form of or withdraw recognition in consultation with the
donor when possible.

B. An interior area, feature, object or space may also be named for a corporation or organization whose gifts represent a "substantial contribution" toward the project cost or the purchase of the object. The corporation/organization must have a prominent relationship with the University and/or the region, with a positive image and demonstrated integrity. In the event of changed circumstances, the University reserves the right, on reasonable grounds, to revise the form of or withdraw recognition.

C. Naming for a person, family, or benefactor of the University whose gift amounts to a "substantial contribution" to the project cost or purchase of an object must meet the following:

- While the desired goal for a naming gift is the cost to provide and equip the area, feature, object or space (which may include an operating endowment), the target gift amount for naming will be set for each project in advance of soliciting donors in coordination with the Vice President for Advancement, who will obtain written authorization from the President on amounts specified. Interior areas, features, objects or spaces that are part of a total building fundraising campaign should be included as part of the Project Budget approved by the Board of Regents in the early stages of project development.

- Pledges for naming should be paid in full within five years of the commitment.

D. Approved names for interior areas, features, objects or spaces will generally not be exhibited on external building walls; the names will be located as close as possible to (and otherwise affiliated with) the funded interior areas, features, objects or spaces.

E. In cases where the name of the corporation/organization is used, the gift agreement will specify the number of years for which the naming applies and will specify that any name changes during that period will be at the University's sole discretion. In cases where the name of an individual or family is used, the name will remain for the life of the area, feature, object or space with appropriate recognition as determined by the President if it is replaced.

4. Approval Process

The President has final approval for naming interior areas, features, objects and spaces. Final decision to name buildings and outdoor areas and spaces rests with the Board of Regents, upon recommendation of the President. In situations in which a building may be named in recognition of a substantial contribution to the total project costs, the
minimum contribution needed for naming and any limits imposed on the number of years it will be named will be specified as a part of the Project Budget approved or amended by the Board of Regents.

Each campus of the University of Washington, UW Bothell, UW Seattle, and UW Tacoma, is responsible for directly submitting to the Vice President for Advancement any request for approval of the naming of facilities, including but not limited to buildings, outdoor and indoor areas, features, objects or spaces, at their respective campuses. The UW Bothell and UW Tacoma will forward their recommendations through their respective chancellors to the Vice President for Advancement, who will forward them to the President. The UW Seattle will forward its recommendations from the Vice President for Advancement to the President.

Proposals for all naming opportunities will follow the approval process described in this Section 4 in order to obtain appropriate approvals before negotiating with a prospective donor for a naming gift and before offering recognition of an individual, family, corporation or organization. Discussions with individual, family, corporate, or other organizational donors who seek naming rights must be conducted with the understanding that the President (in the case of interior areas, features, objects or spaces) or the Board of Regents (in the case of buildings and outdoor areas or spaces) reserve final approval of the naming.

5. Intercollegiate Athletics Facilities and Playing Fields Temporary Naming Rights Agreements

The University may enter into agreements with business entities to temporarily name intercollegiate athletics facilities or playing fields when the business entity makes a substantial contribution to the University's intercollegiate athletics program. A "substantial contribution" in this context means that facts and circumstances, including relevant market conditions, show that the business entity is making a substantial financial contribution to the University's intercollegiate athletics program. Any such agreements must be reviewed by Advancement working with the Department of Intercollegiate Athletics and will normally be for a fixed term of five years and not in excess of ten years. The term should be consistent with the contribution. Any agreement to temporarily name an interior feature, object or space must be approved by the President. An agreement to temporarily name an interior feature, object or space may include the right to place a sign or signs on the exterior of a building or an outdoor area; however, such right shall be approved by the Board of Regents upon the recommendation of the President. Any agreement to temporarily name buildings or outdoor spaces must be approved by the Board of Regents upon the recommendation of the President.

The logo of a business entity may be included on the name temporarily affixed to an interior feature, object, space, building or outdoor area if the logo is part of a unique design created in part for the purpose of acknowledging the relationship between the University and the business entity. Inclusion of a logo in a unique design on the name temporarily affixed to an interior feature, object or space shall be reviewed and
approved by the President. Inclusion of a logo in a unique design on the name temporarily affixed to a building or outdoor area shall be approved by the Board of Regents upon the recommendation of the President.

This policy will apply to both new and existing interior areas, features, objects, spaces, buildings, and outdoor areas or spaces. No agreement shall detract from the institution's values, dignity, integrity, or reputation, nor shall it create a conflict, or the appearance of a conflict, of interest or confer special privileges. The business entity shall have a prominent relationship with the University and/or the region, and have a positive image and demonstrated integrity. In the event of changed circumstances, the University reserves the right, on reasonable grounds, to revise the form of or withdraw recognition. In the event there are any inconsistencies or ambiguities between this policy and other University Naming Rights policies, this policy shall take precedence.

AI, March 1981; AI, September 14, 2000; BR, July 17, 2003; AI, April 26, 2006; BR, September 18, 2008; April 14, 2011; February 9, 2012.