July 2, 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

WEDNESDAY, JULY 8, 2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Committee</th>
<th>Chair and Members</th>
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<tbody>
<tr>
<td>3:00 p.m.</td>
<td>142 Gerberding Hall</td>
<td>GOVERNANCE COMMITTEE</td>
<td>Regents Ayer (Chair), Blake, Rice, Shanahan, Smith</td>
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THE BOARD DINNER MEETING SCHEDULED ON WEDNESDAY, JULY 8, IS CANCELED.

THURSDAY, JULY 9, 2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Committee</th>
<th>Chair and Members</th>
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<tr>
<td>8:30 to 9:15 a.m.</td>
<td>Bill &amp; Melinda Gates Commons, Room CSE 691</td>
<td>ACADEMIC AND STUDENT AFFAIRS COMMITTEE</td>
<td>Regents Jaech (Chair), Kritzer, Rice, Riojas, Simon</td>
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<tr>
<td>*9:30 to 11:50 a.m.</td>
<td>Bill &amp; Melinda Gates Commons, Room CSE 691</td>
<td>FINANCE AND ASSET MANAGEMENT COMMITTEE</td>
<td>Regents Shanahan (Chair), Blake, Harrell, Smith</td>
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<tr>
<td>12:15 p.m.</td>
<td>Bill &amp; Melinda Gates Commons, Room CSE 691</td>
<td>REGULAR MEETING OF BOARD OF REGENTS</td>
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*or upon conclusion of the previous session.*

Unless otherwise indicated, committee meetings of the Board of Regents will run consecutively; starting times following the first committee are estimates only. If a session ends earlier than expected, the next scheduled session may convene immediately. Committee meetings may be attended by all members of the Board of Regents and all members may participate.

To request disability accommodation, contact the Disability Services Office at: 206.543.6450 (voice), 206.543.6452 (TTY), 206.685.7264 (fax), or email at dso@uw.edu. The University of Washington makes every effort to honor disability accommodation requests. Requests can be responded to most effectively if received as far in advance of the event as possible, preferably at least 10 days.

1.1/207-15  
7/9/15
UNIVERSITY OF WASHINGTON
BOARD OF REGENTS

Governance Committee
Regents Ayer (Chair), Blake, Rice, Shanahan, Smith

July 8, 2015
3:00 to 4:30 p.m.
142 Gerberding Hall

Approval of Minutes of Committee Meeting on May 13, 2015

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

1. Update on Presidential Goals
   Ana Mari Cauce, Interim President

2. University of Washington Investment Program (UWINCO)
   Proposed Governance Changes
   Keith Ferguson, Chief Investment Officer, Investment Management
   Scott Davies, Senior Investment Officer and Chief Operating Officer, Treasury Office

3. Succession Planning: 2015-16 Officers, Committees, and Other Appointments
   Bill Ayer, Board Chair

4. Appoint 2015-16 Student Regent to Academic and Student Affairs Committee
   Bill Ayer, Board Chair

5. Other Business
<table>
<thead>
<tr>
<th>COMMITTEE ACTION</th>
<th>1. Academic and Administrative Appointments</th>
</tr>
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<tbody>
<tr>
<td>ACTION A–1</td>
<td>Gerald J. Baldasty, Provost and Executive Vice President</td>
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<tr>
<th>COMMITTEE ACTION</th>
<th>2. Adoption of Proposed Amendments to Chapter 478-168 WAC</th>
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<tr>
<td>ACTION A–2</td>
<td>Regulations for the University of Washington Libraries</td>
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<tr>
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<td>Thomas Deardorff, Coordinator of Access Services and</td>
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<td>University Libraries Copyright Officer</td>
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<td>Jonathan Franklin, Associate Law Librarian</td>
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<tr>
<th>COMMITTEE ACTION</th>
<th>3. Vision for UW Tacoma</th>
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<tr>
<td>INFORMATION A–3</td>
<td>Mark Pagano, Chancellor, University of Washington, Tacoma</td>
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<tr>
<th>COMMITTEE ACTION</th>
<th>4. Admission Summary for Autumn 2015 New Undergraduate Students</th>
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<tbody>
<tr>
<td>INFORMATION A–4</td>
<td>Philip Ballinger, Associate Vice Provost for Enrollment</td>
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5. Other Business
UNIVERSITY OF WASHINGTON  
BOARD OF REGENTS  

Finance and Asset Management Committee  
Regents Shanahan (Chair), Blake, Harrell, Smith  

July 9, 2015  
9:30 to 11:50 a.m.  
Bill & Melinda Gates Commons, Room CSE 691  
Paul G. Allen Center for Computer Science & Engineering  

Approval of Minutes of Committee Meeting on June 11, 2015  

<table>
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<tr>
<th>COMMITTEE ACTION</th>
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</table>
| 1. Red Flag Rules – Identity Theft Compliance Program Annual Report | INFORMATION F–1  
| Susan Camber, Associate Vice President, Research and Student Fiscal Administration |  
| Lisa Westlund, Compliance Officer, UW Medicine Compliance |  
| 2. UW One Capital Plan | INFORMATION F–2  
| Paul Jenny, Senior Vice President, Office of Planning and Management |  
| 3. UW Medicine at South Lake Union – Authorization of Phase 3.2 | INFORMATION F–3  
| Paul G. Ramsey, CEO of UW Medicine, Executive Vice President for Medical Affairs and Dean of the UW School of Medicine |  
| Chris Malins, Associate Vice President, Treasury |  
| Mary Fran Joseph, Associate Dean for Administration and Finance, School of Medicine |  
| 4. Standard & Poor’s Higher Education Sector Overview | INFORMATION F–4  
| Jessica Matsumori, Senior Director, Analytical Manager-Education Group, U.S. Public Finance, Standard & Poor’s |  
| Kenneth Gacka, Director, U.S. Public Finance, Corporate & Government Ratings, Standard & Poor’s |  
| Bill Starkey, Senior Associate Treasurer, Treasury |  
| 5. Efficiency Item – Transforming Work in Housing & Food Services Through Process Improvement | INFORMATION F–5  
| Deborah Costar, Assistant Director for Communications and Marketing, Housing and Food Services |  
| Bill Starkey, Senior Associate Treasurer, Treasury |  
| Chris Malins, Associate Vice President, Treasury |  

1.2.1/207-15  
7/9/15
7. University of Washington Investment Program (UWINCO) Proposed Changes
   Keith Ferguson, Chief Investment Officer
   Scott Davies, Senior Investment Officer and Chief Operating Officer, Investments

8. Research Vessel Thomas G. Thompson – Approve Contract for Mid-Life Refit
   Douglas Russell, Manager of Marine Operations, School of Oceanography
   Carla Helm, Associate Director, Procurement Services
   Mark Conley, Executive Director, Procurement Services

9. UW Medicine Board Update
   Kristi Blake, Regent, UW Medicine Board
   Rogelio Riojas, Regent, UW Medicine Board

10. Other Business
AGENDA

BOARD OF REGENTS
University of Washington

July 9, 2015
12:15 p.m.
Bill & Melinda Gates Commons
CSE 691, Paul G. Allen Center for Computer Science & Engineering

I. CALL TO ORDER

II. ROLL CALL: Assistant Secretary Shelley Tennant

III. CONFIRM AGENDA

IV. PUBLIC COMMENT PERIOD

V. BOARD ITEMS

Legislative Session Report (Information only)

Genesee Adkins, Director of State Relations
Sarah Hall, Assistant Vice Provost, Planning & Budgeting
Randy Hodgins, Vice President, External Affairs

Fiscal Year 2016 Operating and Capital Budget Approval and 2015-16 Tuition Rates (Action)

Paul Jenny, Senior Vice President, Planning & Management
Sarah Hall, Assistant Vice Provost, Planning & Budgeting
John Seidelmann, Director, Capital Space and Planning, Planning & Management

Approve Presidential Leadership Profile (Action)

Bill Ayer, Chair of the Board of Regents
Kenyon Chan, Chair, Presidential Search Advisory Committee

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

VII. REPORT OF THE UNIVERSITY PRESIDENT: President Cauce
VIII. CONSENT AGENDA

Approval of Minutes of Meeting of June 11, 2015

Adoption of Proposed Amendments to Chapter 478-168 WAC Regulations for the University of Washington Libraries A–2

Amendments to Debt Management Policy F–6

Research Vessel Thomas G. Thompson – Approve Contract for Mid-Life Refit F–8

Appoint 2015-16 Student Regent to Academic and Student Affairs Committee G–4

IX. STANDING COMMITTEES

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

Academic and Administrative Appointments (Action) A–1

Vision for UW Tacoma (Information only) A–3

Admission Summary for Autumn 2015 New Undergraduate Students (Information only) A–4

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

Red Flag Rules – Identity Theft Compliance Program Annual Report (Information only) F–1

UW One Capital Plan (Information only) F–2

UW Medicine at South Lake Union – Authorization of Phase 3.2 (Information only) F–3

Standard & Poor’s Higher Education Sector Overview (Information only) F–4

Efficiency Item – Transforming Work in Housing & Food Services Through Process Improvement (Information only) F–5

University of Washington Investment Program (UWINCO) Proposed Changes (Information only) F–7

UW Medicine Board Update (Information only) F–9
C. Governance Committee: Regent Ayer – Chair

- Update on Presidential Goals (Information only) G–1
- University of Washington Investment Program (UWINCO) Proposed Governance Changes (Information only) G–2
- Succession Planning: 2015-16 Officers, Committees, and Other Appointments (Information only) G–3

X. REPORTS TO THE BOARD

Faculty Senate Chair – Professor Kate O’Neill

Student Leaders:
- ASUW President – Mr. Tyler Wu
- GPSS President – Mr. Alex Bolton
- ASUW Tacoma President – Ms. Sophie Nop
- ASUW Bothell President – Mr. Dom Juarez

Alumni Association President – Dr. Roy Diaz

XI. DATE FOR NEXT REGULAR MEETING: Thursday, August 13, 2015

XII. EXECUTIVE SESSIONS

(to discuss with legal counsel litigation or potential litigation as defined in RCW 42.30.110.)

(to review the performance of public employees.)

XIII. Open Public Meetings Training (Information only) B–4

Karin Nyrop, Division Chief, Attorney General’s Office, UW Division

XIV. ADJOURN
The Board of Regents held its regular meeting on Thursday, July 9, 2015, beginning at start time 12:15 p.m. in the Bill & Melinda Gates Commons. 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 12:15 p.m.

Regent Ayer welcomed 2015-16 student leaders Tyler Wu, Alex Bolton, Sophie Nop, and Dom Juarez. He said Board members look forward to working with them. He also welcomed Vanessa Kritzer, the newly-appointed student member of the Board. The July meeting is the final one for UWAA President Roy Diaz and Faculty Senate Chair Kate O’Neill.

ROLL CALL

Assistant Secretary Tennant called the roll: Present were Regents Ayer (chairing), Blake, Harrell, Jaech, Kritzer, Rice, Riojas, Shanahan, Simon, and Smith; President Cauce, Provost Baldasty, Ms. Goldblatt; ex officio representatives: Professor O’Neill, Mr. Bolton, Mr. Wu, and Dr. Diaz.

Absent: Ms. Warren.

CONFIRM AGENDA

The agenda was confirmed as presented.

Ed Lazowska, Bill & Melinda Gates Chair in Computer Science & Engineering, welcomed meeting attendees and provided an overview of Computer Science & Engineering. Professor Lazowska described why Computer Science matters. He outlined student demand and employer demand for CSE classes. His slide presentation is attached to the minutes.

PUBLIC COMMENT PERIOD

Regent Ayer announced no-one had signed up to provide public comment.
BOARD OF REGENTS  2
July 9, 2015

BOARD ITEMS

**Legislative Session Report** (Agenda no. B–1) (Information only)

Genesee Adkins, Director of State Relations, reported on the state legislative session, currently in the second-to-last day of the third special session. The operating budget was signed into law on June 30. Some outstanding business remains to be settled.

Ms. Adkins summarized the session outcomes. Higher education was center stage with a focus on affordable tuition, through a rate freeze or reduction, while preserving access and quality. The end result was a funded 5% reduction of resident undergraduate tuition for 2015-16, and an additional 10% reduction in the next year. In future sessions, UW will seek better funding for financial aid.

UW did well in general, given the challenging environment, and received funding for:
- Expanded enrollment in Computer Science and construction of additional facilities;
- Urban Solutions Center building at UW Tacoma;
- Clean energy institute test beds;
- Design work for an advanced materials center;
- School of Nursing simulation lab;
- Predesign and design for UW Medicine’s T-Wing.

The Medical School dynamic was challenging. The goal was to isolate the medical school issue as much as possible from other higher education issues. This goal was accomplished, evidenced by the retention and expansion of UW’s successful medical education program in Spokane, including funding for the family medicine residency network.

On the policy side, Ms. Adkins reported on work to shape and pass bills related to sexual assault prevention on campus, maintaining veterans’ benefits, and to preserve ability to contract with minority and women owned businesses at medical centers. Looking ahead, UW will advocate for a bill related to the leasehold excise tax impacting the Metro Tract building maintenance fund. Not all capital priorities were partially or fully funded, and will need to be prioritized for the modest supplemental budget. Priorities for next year include relationship building by reaching out to legislators about shared priorities.

This, she said, was a team effort. She thanked Regents for their efforts building relationships and delivering the message about the importance of higher education.

See Attachment B–1.

**Fiscal Year 2016 Operating and Capital Budget Approval and 2015-16 Tuition Rates** (Agenda no. B–2) (Action)
Provost Baldasty introduced the budget item by highlighting the fiscal year 2016 operating and capital budgets which differ from earlier drafts. The final compromise budget reduced the operating fee portion of resident undergraduate tuition. At this time, Regents are being asked to authorize tuition rates for one year only, based on some uncertainty about the “backfill.”

Paul Jenny, Senior Vice President, Planning & Management, talked about the budget development process, which is ongoing throughout the year. He praised the transparent, open, and collaborative process.

Sarah Hall, Assistant Vice Provost of Planning & Budgeting, reviewed the budget in Board packets, attached to these minutes. She focused on the highlighted sections reflecting changes from earlier drafts. The state budget provided limited funds for compensation and benefits for UW employees. Regents are being asked to approve tuition rates for one year only.

She reiterated the UW’s budget priorities:
1. Provide equitable compensation;
2. Fund areas of critical compliance;
3. Invest in institutional priorities for students, faculty, and staff;
4. Transform and streamline administration.

John Seidelmann, Director, Capital Space and Planning, Planning & Management, highlighted the changes in the capital budget since the draft presented to the Board at its meeting in May. UW received funding from the state for health sciences projects, the Center for Advance Materials, and clean energy test beds. UW Bothell received predesign funding for its Phase IV building. UW Tacoma received funding for the Urban Solutions Center. Notably, funding fell short in four priority requests – minor capital repair, the Health Sciences T-Wing was not fully funded, the CSE expansion was partially funded, and the Life Sciences Building did not receive state funding. The revised capital budget shows the Life Sciences Building funded through debt. The Burke Museum received partial funding. No funding was approved for a renovation of Lewis Hall, the next building in line in the “restore the core” initiative. Childcare expansion was added to the capital plan to increase capacity.

**MOTION:** Upon recommendation of the administration that the Board of Regents, pursuant to its authority under RCW 28B.20.130, the Bylaws of the Board of Regents, and the Board of Regents Governance Standing Order No. 1; and the motion made by Regent Simon, seconded by Regent Smith, voted to approve the Fiscal Year 2016 operating budget and capital budget for the University of Washington, and in its sole and independent discretion, voted to:

1. Adopt the Fiscal Year 2016 Operating Budget;
2. Establish tuition rates for all tuition categories for the 2015-16 academic year;
3. Change selected fees for Fiscal Year 2016;
4. Specify that academic fee increases that are implemented under authority that the Board of Regents has delegated to the President and Provost that are consistent with the limitations the Board has specified are reasonable and necessary;  
5. Adopt the Fiscal Year 2016 Capital Budget; and  

See Attachment B–2.

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

Regent Ayer welcomed Vanessa Kritzer to the Board, appointed by Governor Inslee to a one year term effective on July 1. She’s busy working her way through orientation and introductory meetings and plans to meet with each Regent individually. He invited Regent Kritzer to say a few words.

Regent Kritzer said she is honored to be selected to serve on the Board. Originally from Seattle, she attended Vassar as an undergraduate, and lived on the east coast working on international and environmental policy. She is pursuing master’s degrees in Business Administration and Public Administration. She completed her first year at the Evans School of Public Policy and Governance, and in the fall will begin the MBA program at the Foster School. As a Regent, her goal is to be a conduit to facilitate conversations between students, administrators, faculty members, and Regents, and to identify voices not being heard by the Board.

Regent Ayer announced the Board would receive an update on the Presidential Search. He plans a report on the progress of the Search at each meeting. At this meeting, Regents will be asked to approve a Presidential Leadership Profile. He praised the draft Profile, saying it reflects all of the inputs Regents and Committee members received. The Leadership Profile reflects listening carefully to faculty, staff, students, community members, legislators, and other friends of the University to hear their thoughts about the attributes of the next President. He thanked Search Advisory Committee Chair Kenyon Chan and all of those involved in the process of preparing the Profile.

In his report on the search, Dr. Chan thanked all those who worked on the Profile and the Regents and Search Committee members for their work on this comprehensive and consultative process. Meetings and open forums were convened throughout the state. The Committee began to hear consistent themes which are reflected in the proposed document, intended to be a small piece of a larger presidential profile that will include more detail about the University. The Profile will help the Committee identify candidates and guide conversations about issues. The Profile is not meant to list all the tasks of the President, but to express the essence of the priorities of the Regents, and the opportunities and challenges for the next President.

Dr. Chan and Regent Ayer invited further discussion on the Presidential Leadership Profile. The search firm will recruit candidates using the profile as the basis for
conversations. The next major step in the search process is to identify and create a pool of candidates for the Committee to consider.

**Approve Presidential Leadership Profile** (Agenda no. B–3) (Action)

**MOTION:** Upon the recommendation of the Chair of the Board of Regents, the Presidential Search Advisory Committee, and the motion made by Regent Simon, the Board voted to approve the Presidential Leadership Profile as drafted and delegated authority to the Board Chair to make minor edits, if needed. Regent Kritzer abstained.

See Attachment B–3.

Regent Ayer thanked President Cauce, on behalf of the University, for her continued service as Interim University President. He cited the signing of the Global Innovation Exchange (GIX) agreement with Microsoft CEO Satya Nadella and the President of Tsinghua University as a major accomplishment.

On behalf of the Board of Regents, Regent Ayer acknowledged the loss of Washington State University President Elson Floyd, who died on June 20. Dr. Floyd was a visionary leader and advocate for affordable, accessible higher education. All in higher education will continue to benefit from his work into the future. UW extends its deepest sympathies to Mrs. Floyd and her family, and to the Cougar community.

**REPORT OF THE UNIVERSITY PRESIDENT:** President Cauce

President Cauce joined the Regents in recognizing the leadership of Elson Floyd and the loss to the state of Washington. She said that during President Floyd’s tenure, UW and WSU shared many joint initiatives. The UW community grieves the loss of a unique voice in higher education. President Cauce reported being in touch with WSU’s Acting President Bernardo, and said UW is committed to helping WSU in any way it can. The President said, “A strong WSU is good for the state.”

She is pleased at the outcome of the legislative session and grateful to legislators for their recognition of the value of a strong higher education system to the state. The cut in undergraduate resident tuition is historic and nationally recognized. She thanked student leaders from the last four years for bearing the burden of higher tuition and keeping the University strong. She praised students’ work on the report, “Meet Us in the Middle.”

Medical School issues underscored the importance of UW reaching out to the entire state. She attended the recent opening of UW’s Spokane Center which demonstrated the degree to which UW serves as the University of the whole state of Washington. She was pleased to see the state budget contained $250,000 per year in continuing funds for the Latino Health Center.

Following Commencement in June, President Cauce joined the annual Faculty Field Tour, a bus tour of the state for new faculty members.
She highlighted the “amazing” GIX event with Microsoft and Tsinghua University. Following that event she traveled to Houston to attend a meeting at Rice University of Presidents from universities in the U.S. and China.

CONSENT AGENDA

Regent Ayer noted there were five items for approval on the consent agenda, and called for a motion.

**MOTION:** Upon the recommendation of the Chair of the Board, the Board voted to approve the five items on the consent agenda as shown below:

**Minutes for the meeting of June 11, 2015**

**Adoption of Proposed Amendments to Chapter 478-168 WAC Regulations for the University of Washington Libraries** (Agenda no. A–2)

It was the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents adopt the proposed amendments to Chapter 478-168 WAC, Regulations for the University of Washington Libraries.

See Attachment A–2.

**Amendments to Debt Management Policy** (Agenda no. F–6)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents adopt the amended Debt Management Policy.

See Attachment F–6.

**Research Vessel Thomas G. Thompson – Approve Contract for Mid-Life Refit**

(Agenda no. F–8)

It was the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents delegate authority to the President or her designee to award a contract to Vigor Marine LLC, in an amount not to exceed $35,000,000 plus applicable tax, for the mid-life refit of the Research Vessel Thomas G. Thompson at a ship construction/ship repair facility located in Seattle, Washington.

See Attachment F–8.

**Appoint 2015-16 Student Regent to Academic and Student Affairs Committee**

(Agenda no. G–4)
It was the recommendation of the Board Chair and the Governance Committee that the Board of Regents approve the appointment of Vanessa Kritzer to the Academic and Student Affairs Committee, effective July 1, 2015

See Attachment G–4.

STANDING COMMITTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Jaech, Chair

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

At the request of Regent Jaech, Provost Baldasty highlighted the award of the William P. and Ruth Gerberding Endowed Professorship to Asian Languages and Literature Professor Richard Salomon.

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

See Attachment A–1.

Vision for UW Tacoma (Agenda no. A–3) (Information only)

Chancellor Pagano provided a presentation highlighting UW Tacoma’s 25th anniversary and how the campus has changed and grown to and enrollment of almost 5,000 students. UW Tacoma continues to have a positive impact on the Tacoma community. One of its key areas of specialization is cyber security. As UW Tacoma plans for the next 25 years, the Chancellor is beginning a process to envision the future and develop a five-year strategic plan.

See Attachment A–3.

Admission Summary for Autumn 2015 New Undergraduate Students (Agenda no. A–4) (Information only)

Regents received an overview of admissions for the 2015 undergraduate class on all three campuses. Regent Jaech summarized the presentation as “popularity is up, quality is up, diversity is up.”

See Attachment A–4.

FINANCE AND ASSET MANAGEMENT COMMITTEE: Regent Shanahan, Chair

Regent Shanahan summarized the Committee meeting, describing it as a working session. The UW is a large operation, managing half a billion dollars monthly, and has two billion dollars of deferred maintenance. The University is seeing record enrollment, but its
facilities need improving and reengineering. The Seattle area and its economy are experiencing record growth in terms of innovation and health sciences and technology. Laboratories and scale need rethinking. His goals for the Committee are for it to make the right decisions ahead of time instead of reacting to crises and experiencing missed opportunities. His intent is for the Committee to find a natural rhythm, formulate an integrated plan, and connect to the fact that UW delivers value to students and creates an environment where researchers can work productively.


See Attachment F–1.

UW One Capital Plan (Agenda no. F–2) (Information only)

The capital planning process continues to evolve and improve to provide Regents with an understanding of where UW stands on an integrated basis. Regent Shanahan asked Paul Jenny’s team to return and offer a better understanding of utilization for the campus and labs, stated as a hard number to support the University getting to where it needs to be.

See Attachment F–2.

UW Medicine at South Lake Union – Authorization of Phase 3.2 (Agenda no. F–3) (Information only)

Regents received a comprehensive briefing on this project, which will be presented for approval at next month’s meetings. Presenters were encouraged to tie the project to the growth story moving forward.

See Attachment F–3.

Standard & Poor’s Higher Education Sector Overview (Agenda no. F–4) (Information only)

Regent Shanahan said Regents were fortunate to have the rating agency offer insight about higher education and health sciences concerns. They reported volatility and risk associated with state funding, federal research, and operating margins.

See Attachment F–4.

Efficiency Item – Transforming Work in Housing & Food Services Through Process Improvement (Agenda no. F–5) (Information only)

Regents learned about process improvements in Housing & Food Services. UW staff members are taking ownership for changing how work is done. Regent Shanahan encouraged scaling up these efforts and changing the culture.

See Attachment F–5.
University of Washington Investment Program (UWINCO) Proposed Changes
(Agenda no. F–7) (Information only)

See Attachment F–7.

UW Medicine Board Update (Agenda no. F–9) (Information only)

Regent Shanahan thanked Regents Blake and Riojas for reporting from the UW Medicine Board.

See Attachment F–9.

GOVERNANCE COMMITTEE: Regent Ayer, Chair

Regent Ayer provided a brief report from the Governance Committee meeting, held on Wednesday, July 8.

Update on Presidential Goals (Agenda no. G–1) (Information only)

President Cauce outlined her goals for the University.

See Attachment G–1.

University of Washington Investment Program (UWINCO) Proposed Governance Changes (Agenda no. G–2) (Information only)

The Committee discussed the proposed UWINCO governance changes from an organizational view, focusing on how this newly-created entity would interact with the Board.

See Attachment G–2.

Succession Planning: 2015-16 Officers, Committees, and Other Appointments (Agenda no. G–3) (Information only)

The Committee began planning the 2015-16 slate of Board officers and committee appointments for election at the meeting of the Board in September.

See Attachment G–3.

Regent Ayer noted the Committee approved the appointment of Regent Kritzer to the Academic and Student Affairs Committee, and the Board approved it on the Consent Agenda.

REPORTS TO THE BOARD OF REGENTS
Regent Ayer invited ASUW Tacoma President Sophie Nop to the table and said this is the time of year to welcome incoming student officers and say farewell and thank the outgoing Faculty Senate Chair and UWAA President. He thanked Professor O’Neill for her thoughtful remarks and for bringing a strong faculty perspective to the Board’s work. He thanked Dr. Diaz for connecting Regents with the world’s thousands of UW alumni, saying Regents appreciated his perspective and the opportunity to learn more about UWAA’s contributions.

**Faculty Senate Chair:** Professor Kate O’Neill

Professor O’Neill thanked the Regents for their service to the University. She said serving as Chair of the Senate has been an education for her during an interesting year, and noted the University is incredibly complex. She said the University “works” despite its enormous size, complexity, and diversity.

She remains impressed by the presidential search process, especially the listening sessions. The search criteria in the Profile include an emphasis on lagging compensation for university faculty and staff. This has been an issue for the Senate for several years. She is glad it’s a focus for the search and said it is important for recruitment, retention, and a productive faculty with high morale.

Professor O’Neill noted renewed attention from the Senate on faculty recruitment techniques to increase diversity. There has been more attention on the criteria for faculty merit review and promotion and tenure, encouraging the alignment of departmental reviews with the University’s over-arching priorities.

The faculty face challenges in renovating curriculum and teaching methodologies, as well as challenges in facilitating multidisciplinary research. She embraces lean practices in administrative units, but said the Senate needs to be working with faculty to become more efficient with respect to teaching and research. She is hopeful the faculty will lead this change. She projects major challenges from increasing dependence on public-private partnerships.

She thanked the Senate Office staff, praised the work of Professor JoAnn Taricani, Faculty Legislative Representative, in Olympia this year, and thanked the Secretary of the Faculty, Marcia Killien, for her contributions.

Professor O’Neill introduced the 2015-16 Faculty Senate Chair, Norm Beauchamp, whose term of office begins on August 1.

**ASUW President:** Mr. Tyler Wu

Mr. Wu introduced himself. He is a senior majoring in Psychology with a minor in Education. He described his many activities at the University, which demonstrated his support for community building, community engagement, and building relationships. He said student leaders are happy about the tuition cut.
Mr. Wu described his goals and visions for the future and noted upcoming ASUW projects:

- Partnership with UWAA and UW Marketing to plan 2015 Homecoming events and activities.
- ASUW’s Office of Government Relations will host its first Seattle City Council reception.
- Establishment of a Middle Eastern student commission.
- Working with student leaders at UW Tacoma and UW Bothell to enhance the tri-campus relationship.
- Three campuses working together to define what diversity means for students.
- Committed to expanding the definition of student safety – including mental health and sexual violence.
- Main goal is to address affordability and access for students, especially access to resources offered by student government.

**GPSS President:** Mr. Alex Bolton

Mr. Bolton introduced himself. He is originally from Spokane, and is working toward being a “Triple Dawg.” He attended UW as an undergraduate, received a Master’s in Public Administration from the Evans School, and is now a third-year law student. He served as the seventh student regent.

GPSS had a year of partnerships. It worked closely with UW’s Office of State Relations. It worked with the UW Medical Student Association (including medical students in Spokane) regarding legislative issues affecting the Medical School. GPSS is currently advocating for legislative approval for a state student loan program to support graduate students. He said most of UW’s graduate and professional students come from Washington. He encouraged the vision of higher education as a public good.

**ASUW Tacoma President:** Ms. Sophie Nop

Ms. Nop introduced herself. She is from California. Her parents came to the United States from Cambodia during that country’s civil war. She is a first generation college student studying Computer Science. She praised UW Tacoma for offering her the opportunity to conduct research as an undergraduate. The student government at UW Tacoma is focusing its efforts on creating access for students.

ASUW Tacoma’s Finance Director is active on the Tacoma Minimum Wage Task Force, providing higher education student representation. She is excited to collaborate with Seattle and Bothell campuses about diversity and inclusion. She plans on building relationships and being inclusive.

Other highlights:

- ASUW Tacoma supports work underway to make the UW Tacoma campus smoke-free.
- The campus community is anticipating the “reveal” of a big, iconic W on campus.
- ASUW Tacoma will continue to focus on projects that serve will the community.
**ASUW Bothell President**: Mr. Dom Juarez

Mr. Juarez was not in attendance.

Regent Ayer encouraged the three ASUW Presidents to collaborate, coordinate, and discuss common issues on a regular basis.

**Alumni Association President**: Dr. Roy Diaz

Dr. Diaz thanked the Regents for the thoughtfulness and dignity they give to every decision and for allowing the Alumni Association to partner with them. The Regents are stewards of a social experiment that began 150 years ago in the Washington territory, a social commitment centered on the common belief that a university is critical to the success of a community. He encouraged the Regents to continue to provide access to the opportunity and the promise of higher education, saying education is the foundational platform for upward social mobility and is truly a transformative force.

The recent commencement ceremony reminded him what an extraordinary investment each student represents. He shared his own story of arriving at the UW from Hawaii, where he was a “self-sponsored surfer,” to attend a summer program in engineering for entering freshman. Following this program he was invited to enroll as a freshman. He continued on to earn a bachelor’s degree in chemical engineering, a master’s degree and PhD in biophysics, and a law degree.

**DATE FOR NEXT MEETING**

Regent Ayer announced the next regular meeting of the Board scheduled on Thursday, August 13, is canceled, as is the dinner meeting on Wednesday, August 12.

The next regular meeting of the Board is on Thursday, September 10, on campus.

**EXECUTIVE SESSIONS**

Regent Ayer announced the Board would hold two executive sessions. The first is to discuss with legal counsel litigation or potential litigation as defined in RCW 42.30.110.

He announced that following the executive sessions, the Regents would hold an Open Public Meetings Training, which is open to the public.

Returning to open session, Regents Ayer announced the Regents would hold the second session to review the performance of public employees.

**Open Public Meetings Training** (Agenda No. B–4) (Information only)
Returning to open session the Regents held an open public meetings training conducted by Karin Nyrop, Division Chief, Attorney General’s Office, UW Division.

See Attachment B–4.

**ADJOURNMENT**

The regular meeting was adjourned at 3:40 p.m.

______________________________
Joan Goldblatt
Secretary of the Board of Regents

*Approved at the meeting of the Board on September 10, 2015.*
STANDING COMMITTEES

Governance Committee

INFORMATION ITEM

This item is for information only.

Update on Presidential Goals

President Cauce will provide an update on the four area of focus she identified for the Board during the annual Board Retreat. She will also discuss her current thoughts on long-term goals and strategy, including how to integrate these ideas strategically into the Board’s work.
Presidential Goals
## Goals: Accomplishments to date

<table>
<thead>
<tr>
<th>Goal</th>
<th>Accomplishments to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative and political engagement</td>
<td>• Historic tuition reduction, backfilled by significant state reinvestment</td>
</tr>
<tr>
<td></td>
<td>• State funding provided for two key legislative priorities:</td>
</tr>
<tr>
<td></td>
<td>• Salaries and union contracts</td>
</tr>
<tr>
<td></td>
<td>• Spokane WWAMI and Residencies</td>
</tr>
<tr>
<td></td>
<td>• Targeted or partial state funding for key projects, including CSE (slots/building),</td>
</tr>
<tr>
<td></td>
<td>Latino Health Center, alternative energy projects, UW Tacoma building renovation</td>
</tr>
<tr>
<td></td>
<td>• Leveraged existing personal contacts and developed new relationships through on-the-ground engagement in Olympia and Spokane</td>
</tr>
<tr>
<td></td>
<td>• Launched Spokane Center and hired External Relations Director for Spokane and Eastern Washington</td>
</tr>
<tr>
<td></td>
<td>• Trip to D.C. (July)</td>
</tr>
<tr>
<td>Philanthropy/ Capital Campaign</td>
<td>• Launched GIX</td>
</tr>
<tr>
<td></td>
<td>• $40 million gift for GIX</td>
</tr>
<tr>
<td></td>
<td>• $10 million gift for CSE building</td>
</tr>
<tr>
<td></td>
<td>• $6 million gift from Gates in coordination with Bill Sr.</td>
</tr>
<tr>
<td></td>
<td>• Successful visits with several donor groups, including B-School, A&amp;S, New York donor community</td>
</tr>
<tr>
<td></td>
<td>• Meetings in progress with Paul Allen and Jeff Bezos</td>
</tr>
<tr>
<td>Race and Equity</td>
<td>• Successful launch of Race and Equity Initiative</td>
</tr>
<tr>
<td></td>
<td>• Initial plan for fall activities</td>
</tr>
<tr>
<td></td>
<td>• Instituted active engagement with key constituencies on campus (Greek Community, Black Lives Matter, etc.) and internal, cross-campus coordination (OMAD, Student Life, UA, faculty councils, etc.)</td>
</tr>
<tr>
<td>Transforming Administration &amp; Efficiency</td>
<td>• Launched Transforming Administration Program (TAP)</td>
</tr>
<tr>
<td></td>
<td>• Developing “shared services” model for President’s and Provost’s office</td>
</tr>
<tr>
<td></td>
<td>• Started key reorganizations and reforms (Risk Management/Compliance, Organizational Excellence, Marketing and Communications)</td>
</tr>
</tbody>
</table>
Goals: Draft strategic framework

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Near-term tactics (AY 15-16)</th>
<th>Alignment with Sustainable Academic Business Plan</th>
</tr>
</thead>
</table>
| Public By Purpose              | • Long-term political engagement plan  
• Community engagement  
• Campaign strategy      | Increase revenues  
Invest in people  
Invest in infrastructure  
Increase access |
| Innovation mindset             | • GIX  
• CoMotion  
• Transforming Administration Program (TAP) | Decrease cost  
Increase revenues  
Invest in people  
Invest in infrastructure  
Increase access |
| Leading Edge Student Experience| • Race and Equity Initiative  
• Student success initiatives  
• Teaching and learning in the 21st century initiative  
• Middle income affordability  
• Faculty Recruitment | Increase access  
Invest in people  
Invest in infrastructure |
| Global Research Impact         | • Infrastructure development and renewal  
• Reducing administrative burden (RAPID)  
• Faculty recruitment | Decrease cost  
Increase revenues  
Invest in people  
Invest in infrastructure |
Goals: Items for discussion

> Metrics
> Near term/long term expectations
> Incorporation into Regent work
  > Agenda items
  > Structure of items to the board
  > New venues/forums for discussion
Governance Committee

University of Washington Investment Program (UWINCO) Governance

This item is for information only.

NOTE: A similar item will be discussed in the Finance and Asset Management Committee. The presentation in the Governance committee will be focused on proposed governance changes and how the new investment company advisory board will interact with the Board of Regents. The presentation in the Finance and Asset Management committee will focus on how the new investment company advisory board will support and improve investment activities and decision making at the University.

BACKGROUND

Establishment of an internal investment management company is under consideration and will be comparable to the path taken by many peer institutions. Under the new structure, the current UWINCO advisory committee will be replaced by an investment company advisory board. With the concurrence of the Board of Regents following the discussion, a recommendation will be presented to the September 2015 Board meeting.

The recommendation to the Board of Regents will be to approve the creation of the internal investment management company. The recommendation will include proposed amendments to the following Board of Regents documents:

- Board of Regents Governance, Standing Orders, Chapter 4 *Advisory Committees of the Board of Regents*

- Board of Regents Governance, Standing Orders, Chapter 10 (new), *Bylaws for the University of Washington Investment Board*

- Statement of Investment Objectives and Policy for the Consolidated Endowment Fund: Section N *Delegations*

- Statement of Investment Objectives and Policy for the Invested Funds: Section G *Delegations*

- Statement of Investment Objectives and Policy for Deferred Assets and Other Gift Assets: Section G *Delegations*

*Attachment*

University of Washington Investment Program Governance Discussion
UNIVERSITY OF WASHINGTON INVESTMENT PROGRAM: GOVERNANCE DISCUSSION

What assets are included in the UW’s investment program?
The UW investment office manages $4.6 billion consisting of the $3.0 billion endowment (“Consolidated Endowment Fund” or CEF) and the $1.6 billion operating funds (“Invested Funds” or IF).

What role does the Board of Regents play in the management of the UW’s investment program?
The Board of Regents is vested by statute with responsibility for the management of the properties of the UW including its endowment and operating funds. The Regents delegated oversight of the investment program to its Finance and Asset Management Committee (FAM).

The continuing role of the Board of Regents in the management of the investment program consists of the following: 1) setting the investment policy which includes the strategic asset allocation and the endowment spending rate; 2) appointing investment officers and advisors which includes the CIO, UWINCO members and the lead external investment consultant; and 3) providing fiduciary oversight over the investment program within the guidelines set by the investment policies. The UW investment program governance roles are detailed in Attachment A.

What is the history of the UW’s investment program? How has it changed over time?
Similar to peers, UW’s investment program has evolved in size and sophistication. Over the past twenty-five years the CEF grew more than tenfold to over $3 billion today. The growth reflects the success of the UW’s investment and fund raising efforts. The growth of the UW itself is reflected in higher operating fund balances – from $150 million twenty-five years ago to over $1.6 billion today.

Over half of the growth in the CEF occurred over the last decade during which time its asset allocation grew increasingly complex. From a fund invested simply in domestic stocks (60%) and domestic bonds (40%) in the early 1990’s, the CEF today is invested in a sophisticated mix of global stocks and bonds, private equity, real assets, and hedge funds.

In the late 1990’s the Board of Regents recognized the need for a higher level of oversight than it could provide. This led to the formation of the University of Washington Investment Committee (UWINCO) in 2001 that drew upon outside investment expertise. UWINCO is comprised of both Regent and non-Regent members. Non-Regent members are investment professionals whose global investment expertise brings added perspective to the investment process at the UW. The President of the University serves as an ex officio member. Creation of a professional staff solely focused on investments began in 2004 with the appointment of the UW’s first Chief Investment Officer (CIO). Each of these milestones represented an evolution in the program’s governance structure which is highlighted in Attachment B.
What change is recommended?
With the concurrence of the Board of Regents following the discussion at the July 2015 Board of Regents meeting, a recommendation will be presented at the September 2015 Board of Regents meeting to establish an internal investment management company within the existing framework of the UW. Under the new structure, the current UWINCO advisory committee will be replaced by an investment company advisory board.

Why look at investment program governance now?
Two factors provided the impetus to take a close look at governance of the investment program and to review best practices among peer endowments: 1) the ever increasing complexity of the capital markets and 2) the significant growth of the CEF along with its importance as a funding source for the UW’s academic programs.

Does this change reflect “best practices” in endowment management?
Over half of the public institutions in the top fifty colleges and universities have either adopted an investment management structure or created a separate foundation. Examples include: University of Virginia Investment Management Company, University of Texas Investment Management Company, University of North Carolina Management Company, UCLA Investment Company, and Berkeley Endowment Management Company. Several private universities have also set up internal management company structures including Stanford Management Company, Duke Management Company, Columbia Investment Management Company, and MIT Investment Management Company. While the impetus for change varies from one institution to the next, the recognition of a stronger governance structure to address the challenges of increasing capital market complexity and volatility is common to all.

What are the advantages of an internal management company?
The key objective in moving to an investment management company structure is to ensure continuing strong investment performance. Distributions from endowed programs provide an increasingly important source of funding for UW programs and this trend will continue into the future. The advantages of the internal investment management company itself are threefold:

1. Oversight: Program stewardship will be strengthened through the addition of new UWINCO Board members with expertise that complements existing membership. While the asset classes held by the CEF are represented in nearly all institutional portfolios today, the CEF is distinguished from peer institutions by its high allocation to emerging markets – a reflection of the strong belief of the investment team in the long term growth opportunity. The emerging markets focus ensures that the pattern of future growth will be volatile and furthers the need for a more sophisticated governance structure to ride out the inevitable storms.

2. Stability: A leading characteristic of long-term successful endowments is very low turnover among the professional investment staff and UWINCO Board members. Strengthening the governance structure facilitates communication with the administration and the Board of Regents – an important consideration given the distinctive and volatile asset allocation of the CEF. In so doing, disruptions from either the capital markets or from within the university itself will be minimized.

3. Access: “Branding” the program will facilitate access to “best-in-class” investment managers plus the recruitment of high quality professional staff and market savvy UWINCO Board members.
What will actually change?
The investment program will have a more distinct identity which will facilitate access to top tier investment managers and enhance recruitment of both professional investment staff and investment board members. The **UWINCO Board** will play a larger role in the administration of the investment program including oversight of all professional staff compensation. The CIO will be accountable to the **UWINCO Board** as well as the **Board of Regents** and report to the **President of the University** on administrative matters. The **UWINCO Board** will advise the **President of the University** on CIO compensation and other administrative matters. Attachments A and C highlight these proposed investment program changes and compare program structures over the past fifteen years.

What will not change?
The **Board of Regents**’ current authorities and governance role described above will remain the same. The **UWINCO Board** will be advisory to the **Board of Regents** as is the current UWINCO committee. Its primary focus remains the rendering of advice on the UW’s investment portfolios. All investments will continue to be held in the UW’s name. There is no intention by the investment team to manage outside money. Since the **UWINCO Board** remains advisory, the quarterly meetings remain exempt from the requirements of the open public meetings act. Other State of Washington requirements, including public disclosure of documents pertaining to investments and procurement laws are applicable under the revised governance structure.

What is the timing to implement the change?
A recommendation will be presented to the **Board of Regents** at its September 2015 meeting. The change requires a revision to the investment policies along with other administrative documents. If the **Board of Regents** approves the recommendation, the new structure goes into effect immediately. The investment team will approach current and prospective managers as members of the **University of Washington Investment Management Company** and thereby begin the rebranding process. The search for new **UWINCO Board** members will commence with the goal of adding up to two new members during fiscal year 2016.
### Attachment A: UW Investment Governance Roles

#### Board of Regents
- **Sets Investment Policy**
  - Spending rate
  - Strategic asset allocation
  - Delegations
- **Appoints Investment Officers / Advisors**
  - Chief Investment Officer (CIO)
  - UWINCO members
  - Investment consultants
- **Reviews Program**
  - Program oversight/accountability

#### UWINCO Advisory Board
- **Advises CIO**
  - Investment planning
  - Asset allocation
  - Manager identification
  - Market trends
  - Program risk *
  - Staff compensation *
- **Advises Board of Regents**
  - Investment program oversight
  - CIO oversight

#### Chief Investment Officer (CIO)
- **Implements Investment Program**
  - Day-to-day management
  - Tactical asset allocation
  - Manager appointments
  - Manager terminations
  - Risk management
  - Research
- **Monitors Results**
  - Performance reporting

- * represents new delegations and responsibilities
**Cambridge Associates - Endowment Governance Structures**

**Structure 1:** Regents managing endowment. CFO/Treasurer responsible for investment function with staff part-time covering other Treasury functions.

**Structure 2:** Regents and non-regent members with specialized knowledge managing endowment. Internal staffing with investment directors reporting to CFO/Treasurer.

**Structure 3:** CIO manages internal staff of dedicated investment professionals. Regents maintain policy and oversight with investment committee support.

**Structure 4:** CIO leads internal investment management company. Staff becoming increasingly specialized. Regents maintain policy and oversight with investment advisory committee support.

**Structure 5:** CIO leads external (legally separate) management company with highly specialized staff. Regents maintain policy and oversight responsibilities yet with independent board having greater management and oversight role.

* IF (Invested Funds) consist of cash and liquidity pools only; DIP included under CEF assets

** Excerpt from Cambridge Associates LLC – Five Structures of Endowment Governance, Organization and Staffing
<table>
<thead>
<tr>
<th>Issue</th>
<th>YEAR 2000 UW Investment Office</th>
<th>TODAY Internal - Integrated with other University Functions</th>
<th>THE FUTURE Internal Investment Management Company</th>
</tr>
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<tbody>
<tr>
<td>Investment Company Advisory Board</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Investment Advisory Committee</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>CIO Delegated Authority</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>SEC Registration Requirement</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Incentive Compensation</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Investment Staff</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Deferral of Incentive</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Public Records Exemption</td>
<td>No</td>
<td>Yes (Private investments only)</td>
<td>Yes (Private investments only)</td>
</tr>
<tr>
<td>RCW 42.56.270</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Meetings Requirement</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Constitutional Constraint</td>
<td>Yes - on non-gift funds.</td>
<td>Yes - on non-gift funds.</td>
<td>Yes - on non-gift funds.</td>
</tr>
<tr>
<td>Constitutional amendment to change</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RFP Requirement</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Personnel Decisions</td>
<td>UW HR Process</td>
<td>UW HR Process</td>
<td>UW HR Process</td>
</tr>
<tr>
<td>Internship Program</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Focus exclusively on Investments</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Access to University benefit programs</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Access to University fiscal systems</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Governance Committee

Succession Planning: 2015-16 Officers, Committees, and Other Appointments

For information only.

The Governance Committee was established to ensure the integrity of the Board and enhance Board performance. Two of the Committee’s responsibilities are to recommend a slate of officers for Board approval and recommend for Board approval individual members to act as the Board's representatives on outside boards and committees. The chair, vice chair, and members of each standing committee shall be recommended by the Governance Committee and approved by the Board.

This will continue the discussion about the 2015-16 officers. Officers are elected at the meeting of the Board in September. The Committee may choose to recommend a slate of officers or identify next steps in the process.

Current committee, and other, assignments:

<table>
<thead>
<tr>
<th>Regent</th>
<th>Standing Committee</th>
<th>Other</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayer</td>
<td>GOV</td>
<td>Board Chair, GOV Chair, Foundation Board</td>
<td>9/30/2016</td>
</tr>
<tr>
<td>Blake</td>
<td>FAM/GOV</td>
<td>AAC, UW Med, PSAC</td>
<td>9/30/2018</td>
</tr>
<tr>
<td>Harrell</td>
<td>FAM</td>
<td>FAM VC, GAAC, PSAC</td>
<td>9/30/2015</td>
</tr>
<tr>
<td>Jaech</td>
<td>ASA</td>
<td>ASA Chair, PSAC</td>
<td>9/30/2018</td>
</tr>
<tr>
<td>Kritzer*</td>
<td>ASA</td>
<td></td>
<td>6/30/2016</td>
</tr>
<tr>
<td>Rice</td>
<td>ASA/GOV</td>
<td>ASA VC, Foundation Board</td>
<td>9/30/2019</td>
</tr>
<tr>
<td>Riojas</td>
<td>ASA</td>
<td>UW Med, PSAC</td>
<td>9/30/2019</td>
</tr>
<tr>
<td>Shanahan</td>
<td>FAM/GOV</td>
<td>Board VC, FAM Chair</td>
<td>9/30/2016</td>
</tr>
<tr>
<td>Simon</td>
<td>ASA</td>
<td>GAAC, ACRE</td>
<td>9/30/2017</td>
</tr>
<tr>
<td>Smith</td>
<td>FAM/GOV</td>
<td>UWINCO</td>
<td>9/30/2015</td>
</tr>
</tbody>
</table>

*subject to Governance Committee and Board approval at the meeting in July 2015.
STANDING COMMITTEES

Governance Committee

Appoint 2015-16 Student Regent to Academic and Student Affairs Committee

RECOMMENDED ACTION

It is the recommendation of the Board Chair and the Governance Committee that the Board of Regents approve the appointment of Vanessa Kritzer to the Academic and Student Affairs Committee, effective July 1, 2015

BACKGROUND

Governor Jay Inslee appointed Vanessa Kritzer as the student member of the Board of Regents for a one year term, effective July 1, 2015.

According to the Board’s bylaws, Board of Regents Governance, Article IV, Committees of the Board:

“The chair, vice chair, and members of each standing committee shall be recommended by the Governance Committee and approved by the Board. . . . The student regent may serve on the Academic and Student Affairs Committee but shall excuse himself or herself from participation or voting on matters relating to the hiring, discipline, or tenure of faculty members and personnel.”
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
College of Arts and Sciences
Department of American Ethnic Studies
Guerra, Juan Cruz
Chair, American Ethnic Studies, effective 7/1/2015
Continuing Appointments:
• Associate Professor, English
• Adjunct Associate Professor, American Ethnic Studies
Degrees:
• PhD, 1992, University of Illinois
• MA, 1983, University of Illinois
• BA, 1972, University of Illinois

Department of Applied Mathematics
Deconinck, Bernard
Chair, Applied Mathematics, effective 3/1/2015
Continuing Appointments:
• Professor, Applied Mathematics
• Adjunct Professor, Mathematics
Degrees:
• PhD, 1998, University of Colorado (Boulder)
• MSC, 1995, University of Colorado (Boulder)
• BSC, 1993, University of Ghent (Belgium)

Department of History
Yang, Anand Alan
Chair, History, effective 7/1/2015
Continuing Appointments:
• Professor, International Studies
• Professor, History
Degrees:
• PhD, 1976, University of Virginia
• BA, 1970, Swarthmore College
Department of Speech and Hearing Sciences

Kendall, Diane Lynne
Chair, Speech and Hearing Sciences, effective 7/1/2015
Continuing Appointment:
• Associate Professor, Speech and Hearing Sciences
Degrees:
• PhD, 1999, University of Pittsburgh
• MA, 1989, California State University (Fullerton)
• BA, 1986, West Virginia University

School of Medicine

Department of Surgery

Kim, Sara
Associate Dean, Surgery, effective 7/1/2015
Continuing Appointments:
• Research Professor, Surgery
• Adjunct Research Professor, Biomedical Informatics and Medical Education
• Adjunct Research Professor, Pediatric Dentistry
Degrees:
• PhD, 1999, University of Washington
• MA, 1990, George Washington University
• BA, 1986, Scripps College

University of Washington, Tacoma

Education Program, Tacoma

Weinstein, Matthew
Acting Director, Education, Tacoma, effective 6/16/2015
Continuing Appointment:
• Professor, Education, Tacoma
Degrees:
• PhD, 1995, University of Wisconsin (Madison)
• MA, 1986, Stanford University
• BA, 1981, Oberlin College

Institute of Technology, Tacoma

Katti, Rajendra
Acting Director, Institute of Technology, Tacoma, effective 7/1/2015
Continuing Appointment:
• Professor, Institute of Technology, Tacoma
Degrees:
• PhD, 1991, Washington State University
• MS, 1987, Washington State University
• MS, 1985, University of Idaho
• BTech, 1983, Indian Institute of Technology (India)
ENDOWED APPOINTMENTS

College of Arts and Sciences
Department of Asian Languages and Literature
Salomon, Richard Geoffrey
William P. And Ruth Gerberding University Professorship, effective 7/1/2015
Continuing Appointment:
• Professor, Asian Languages and Literature
Degrees:
• PhD, 1975, University of Pennsylvania
• BA, 1970, Columbia University

Department of Philosophy
Fourie, Carina
Benjamin Rabinowitz Philosophy Chair in Medical Ethics, effective 9/16/2015
Continuing Appointment:
• Assistant Professor, Philosophy
Degrees:
• PhD, 2006, University College London
• MA, 2001, University of Johannesburg
• BA, 1998, University of Johannesburg
• BA, 1997, University of Johannesburg

School of Medicine
Department of Medicine
Ngheim, Paul
George F. Odland Endowed Chair In Dermatology, effective 4/1/2015
Continuing Appointments:
• Professor without Tenure, Medicine
• Adjunct Professor, Oral Health Sciences
• Adjunct Professor, Pathology
Degrees:
• MD, 1994, Stanford University
• PhD, 1994, Stanford University
• AB, 1986, Harvard University
NEW APPOINTMENTS

College of Arts and Sciences
American Indian Studies Program
Reid, Joshua Leonard
Associate Professor, American Indian Studies, effective 9/16/2015
Degrees:
- PhD, 2009, University of California (Davis)
- MA, 2005, University of California (Davis)
- BA, 1994, Yale University

Department of Anthropology
Grant, Jenna Meredith
Assistant Professor, Anthropology, effective 9/16/2015
Degrees:
- PhD, 2013, University of Iowa
- MA, 2006, University of Iowa
- BA, 1999, University of California (Berkeley)

Department of Applied Mathematics
Aravkin, Aleksandr Y
Assistant Professor, Applied Mathematics, effective 8/16/2015
Degrees:
- PhD, 2010, University of Washington
- MS, 2008, University of Washington
- BS, 2004, University of Washington

Department of Chemistry
McCoy, Anne Bowen
Professor, Chemistry, effective 9/1/2015
Degrees:
- PhD, 1992, University of Wisconsin
- BS, 1987, Haverford College

Department of History
Reid, Joshua Leonard
Associate Professor, History, effective 9/16/2015
Degrees:
- PhD, 2009, University of California (Davis)
- MA, 2005, University of California (Davis)
- BA, 1994, Yale University
Sheffield, Daniel Jensen  
**Assistant Professor, History, effective 8/1/2015**  
Degrees:  
- PhD, 2012, Harvard University  
- AB, 2004, Harvard University  
- AM, 2004, Harvard University

Department of Mathematics  
Athreya, Jayadev Siddhanta  
**Associate Professor, Mathematics, effective 9/1/2015**  
Degrees:  
- PhD, 2006, University of Chicago  
- MSC, 2001, University of Chicago  
- BSC, 2000, Iowa State University

Department of Near Eastern Languages and Civilization  
Selover, Stephanie LeSan  
**Assistant Professor, Near Eastern Languages and Civilization, effective 9/16/2015**  
Prior UW Appointment:  
- Lecturer Part-Time, Near Eastern Languages and Civilization  
Degrees:  
- PhD, 2015, University of Chicago  
- MA, 2008, University of Chicago  
- BA, 2004, Stanford University

Department of Psychology  
Stocco, Andrea  
**Assistant Professor, Psychology, effective 5/16/2015**  
Prior UW Appointment:  
- Research Assistant Professor, Psychology  
Degrees:  
- PhD, 2005, University of Trieste (Italy)  
- MS, 2001, University of Trieste (Italy)

Department of Speech and Hearing Sciences  
Pace, Amy Elizabeth  
**Assistant Professor, Speech and Hearing Sciences, effective 1/1/2016**  
Degrees:  
- PhD, 2013, University of California (San Diego)  
- BA, 2003, University of California (San Diego)
School of Art, Art History, and Design
Jamison, Aaron Flint
Assistant Professor, Art, Art History, and Design, effective 9/16/2015
Degrees:
- MFA, 2006, San Francisco Art Institute
- BA, 2002, Trinity Western University

School of Dance
McCormick, Bruce J.
Assistant Professor, Dance, effective 9/16/2015
Degrees:
- MFA, 2015, University of Washington
- BFA, 1998, Juilliard School

Mendieta, Wilson
Artist In Residence, Dance, effective 9/16/2015
Prior UW Appointment:
- Lecturer Full-Time, Dance
Degrees:
- MFA, 2013, University of Washington
- BA, 1995, Montclair State University
- BFA, 1995, Montclair State University

School of Drama
Mendieta, Wilson
Artist In Residence, Drama, effective 9/16/2015
Prior UW Appointment:
- Lecturer Full-Time, Dance
Degrees:
- MFA, 2013, University of Washington
- BA, 1995, Montclair State University
- BFA, 1995, Montclair State University

Mercier, George William
Senior Lecturer, Full-time, Drama, effective 9/16/2015
Degrees:
- MFA, 1983, Yale University
- BA, 1980, University of California (Berkeley)
Michael G. Foster School of Business
Department of Accounting
Shaikh, Sarah Alison
Assistant Professor, Accounting, effective 6/16/2015
Degrees:
  • PhD, 2015, University of Arizona
  • MA Accounting, 2005, Ohio State University
  • BS, 2004, Drake University

Department of Management and Organization
Gupta, Abhinav
Acting Assistant Professor, pending Ph.D., Management and Organization, effective 7/1/2015
Degrees:
  • PhD - Expected, 2015, Pennsylvania State University
  • BA, 2008, Aligarh Muslim University (India)

School of Dentistry
Department of Oral and Maxillofacial Surgery
Rawal, Yeshwant Bhupendra
Clinical Associate Professor, Dental Pathway, Oral and Maxillofacial Surgery, effective 7/1/2015
Degrees:
  • MS, 2005, Ohio State University
  • Master Of Dental Surgery, 1990, Gujarat University (India)
  • Bachelor of Dental Surgeons, 1986, Annamalai University (India)

College of Engineering
Department of Computer Science and Engineering
Mausam
Visiting Associate Professor, Computer Science and Engineering, effective 5/18/2015
Prior UW Appointment:
  • Visiting Assistant Professor, Computer Science and Engineering
Degrees:
  • PhD, 2007, University of Washington
  • MS, 2004, University of Washington
  • BS, 2001, Indian Institute of Technology (India)
William E. Boeing Department of Aeronautics and Astronautics

Yam, Yeung

Visiting Professor, William E. Boeing Aeronautics and Astronautics, effective 7/17/2015

Degrees:

• Doctor Of Science, 1983, Massachusetts Institute of Technology
• MSC, 1979, Massachusetts Institute of Technology
• MSC, 1977, University of Akron
• BS, 1975, Chinese University of Hong Kong

School of Medicine

Department of Anesthesiology and Pain Medicine

Jelacic, Srdjan

Assistant Professor without Tenure, Anesthesiology and Pain Medicine, effective 7/1/2015

Prior UW Appointment:

• Acting Assistant Professor, temporary, Anesthesiology and Pain Medicine

Degrees:

• MD, 2006, University of Washington
• BS, 1998, University of Washington

Kolwicz, Stephen C. Jr.

Research Assistant Professor, Anesthesiology and Pain Medicine, effective 7/1/2015

Prior UW Appointment:

• Acting Instructor, Anesthesiology and Pain Medicine

Degrees:

• PhD, 2007, Temple University
• MS, 1998, East Stroudsburg University
• BS, 1997, Rutgers University

Lee, Alex T

Assistant Professor without Tenure, Anesthesiology and Pain Medicine, effective 7/1/2015

Prior UW Appointment:

• Acting Assistant Professor, temporary, Anesthesiology and Pain Medicine

Degrees:

• MD, 2006, Jefferson Medical College
• BS, 2002, Columbia University
Lele, Abhijit Visay  
Associate Professor without Tenure, Anesthesiology and Pain Medicine, effective 7/1/2015  
Degrees:  
• MD, 1998, BJ Medical College  
• Bachelor of Medicine, Bachelor of Surgery (MB BS), 1994, BJ Medical College  

Department of Immunology  
Gerner, Michael Yurievich  
Assistant Professor, Immunology, effective 11/1/2015  
Degrees:  
• PhD, 2009, University of Minnesota  
• BS, 2002, University of Wisconsin  

Department of Laboratory Medicine  
Chen, Xueyan  
Assistant Professor without Tenure, Laboratory Medicine, effective 7/1/2015  
Prior UW Appointment:  
• Acting Assistant Professor, temporary, Laboratory Medicine  
Degrees:  
• PhD, 2003, Tufts University  
• MS, 1998, Peking Union Medical College (China)  
• MD, 1995, Beijing Medical University (China)  

Metcalf, Ryan Adams  
Assistant Professor without Tenure, Laboratory Medicine, effective 7/1/2015  
Degrees:  
• MD, 2010, University of California (Davis)  
• BS, 2005, University of California (Santa Barbara)  

Department of Medicine  
Murray, Mitzi Leah  
Assistant Professor without Tenure, Medicine, effective 7/1/2015  
Prior UW Appointment:  
Acting Assistant Professor, temporary, Pathology  
Degrees:  
• MA, 2011, University of Washington  
• MD, 2006, University of Texas (Southwestern)  
• BS, 2000, Ohio University
Overland, Maryann Katherin  
Assistant Professor without Tenure, Medicine, effective 7/1/2015  
Prior UW Appointment:  
• Acting Instructor, Medicine  
Degrees:  
• MD, 2008, University of Rochester  
• BA, 2000, Carleton College

Vanderwarker, Christopher  
Assistant Professor without Tenure, Medicine, effective 7/1/2015  
Prior UW Appointment:  
• Clinical Instructor, Salaried, Medicine  
Degrees:  
• MBA, 2008, University of Pennsylvania  
• MD, 2008, University of Pennsylvania  
• BA, 2000, University of Washington

Department of Microbiology  
Reniere, Michelle Lynne  
Assistant Professor, Microbiology, effective 1/2/2016  
Degrees:  
• PhD, 2010, Vanderbilt University  
• BS, 2004, Georgia Institute of Technology

Department of Neurological Surgery  
Pridgeon, James Stephen  
Senior Lecturer, Full-time, Neurological Surgery, effective 7/1/2015  
Prior UW Appointment:  
• Lecturer Full-Time, Neurological Surgery  
Degrees:  
• MHA, 2007, University of Minnesota  
• BA, 1970, Stanford University

Department of Ophthalmology  
Du, Jianhai  
Research Assistant Professor, Ophthalmology, effective 7/1/2015  
Prior UW Appointment:  
• Acting Instructor, Biochemistry  
Degrees:  
• PhD, 2006, Peking University (China)  
• MS, 2003, Lanzhou University (China)  
• BA, 1999, Nanjing University (China)
Department of Pathology

Akilesh, Shreeram
Assistant Professor without Tenure, Pathology, effective 7/1/2015
Prior UW Appointment:
- Acting Instructor, Pathology
Degrees:
- MD, 2009, Washington University
- PhD, 2009, Washington University
- BA, 2000, Dartmouth College

Murray, Mitzi Leah
Assistant Professor without Tenure, Pathology, effective 7/1/2015
Prior UW Appointment:
- Acting Assistant Professor, temporary, Pathology
Degrees:
- MA, 2011, University of Washington
- MD, 2006, University of Texas (Southwestern)
- BS, 2000, Ohio University

Department of Pediatrics

Boos, Markus Daniel
Assistant Professor without Tenure, Pediatrics, effective 7/20/2015
Degrees:
- MD, 2010, University of Chicago
- PhD, 2008, University of Chicago
- BA, 2000, Kalamazoo College

Dahlberg, Ann Elizabeth Ramsey
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Prior UW Appointment:
- Acting Instructor, Pediatrics
Degrees:
- MD, 2005, Harvard University
- BS, 2001, Stanford University

Friedland-Little, Joshua Michael
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Degrees:
- MD, 2005, University of Michigan (Ann Arbor)
- AB, 2000, Bowdoin College
Hedstrom, Anna Bruett
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Prior UW Appointment:
- Acting Assistant Professor, temporary, Pediatrics
Degrees:
- MD, 2008, University of Washington
- BA, 2004, Pomona College

Kalia, Vandana
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Degrees:
- PhD, 2003, University of Pittsburgh
- MS, 1995, Jawaharlal Nehru University (India)
- BS, 1993, Sri Venkateswara University (India)

Morray, Brian Harrod
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Prior UW Appointment:
- Acting Instructor, Pediatrics
Degrees:
- MD, 2008, University of Rochester
- BS, 2003, Duke University

Parikh, Pratik Krishnakant
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Degrees:
- MD, 2012, Drexel University
- Bachelor of Medicine, Bachelor of Surgery (MB BS), 2004, Sardar Patel University

Sarkar, Surojit
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Degrees:
- PhD, 2003, University of Pittsburgh
- MS, 1995, Jawaharlal Nehru University (India)
- BS, 1993, University of Delhi (India)

Standage, Stephen Wade
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Prior UW Appointment:
- Acting Assistant Professor, temporary, Pediatrics
Degrees:
- MD, 2005, University of Rochester
- BS, 2001, Brigham Young University (Utah)
Toprak, Demet
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Degree:
- MD, 1997, University of Istanbul (Turkey)

Vora, Surabhi Bhargava
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Prior UW Appointment:
- Clinical Assistant Professor, Salaried, Pediatrics
Degrees:
- MPH, 2001, Harvard University
- MD, 2001, University of Chicago
- BS, 1996, Stanford University

Waghmare, Alpana Amalkant
Assistant Professor without Tenure, Pediatrics, effective 7/1/2015
Prior UW Appointment:
- Acting Instructor, Pediatrics
Degrees:
- MD, 2007, University of Washington
- BS, 2003, Massachusetts Institute of Technology

Department of Psychiatry and Behavioral Sciences
Piel, Jennifer Lynn
Assistant Professor without Tenure, Psychiatry and Behavioral Sciences, effective 7/1/2015
Prior UW Appointment:
- Acting Assistant Professor, temporary, Psychiatry and Behavioral Sciences
Degrees:
- MD, 2007, University of Southern California
- JD, 2001, University of Washington
- BS, 1998, University of Washington

Department of Radiation Oncology
Nyflot, Matthew John
Assistant Professor without Tenure, Radiation Oncology, effective 7/1/2015
Degrees:
- PhD, 2011, University of Wisconsin
- MS, 2007, University of Wisconsin
- BA, 2005, St. Olaf College
Department of Radiology
Behnia, Fatemeh
Assistant Professor without Tenure, Radiology, effective 7/1/2015
Prior UW Appointment:
• Acting Assistant Professor, temporary, Radiology
Degree:
• MD, 1987, University of Tehran

Department of Rehabilitation Medicine
Spaulding, Susan Ewers
Lecturer, Full-time, Rehabilitation Medicine, effective 7/1/2015
Prior UW Appointment:
• Teaching Associate, Rehabilitation Medicine
Degrees:
• MS, 2007, University of Oregon
• BS, 1996, University of Washington
• BS, 1990, Washington State University

Department of Urology
Kieran, Kathleen
Associate Professor without Tenure, Urology, effective 5/26/2015
Degrees:
• MD, 2002, Boston University
• MS, 1998, Tufts University
• BS, 1995, Tufts University

School of Nursing
Department of Family and Child Nursing
Kasprzyk, Danuta Maria
Research Professor, Family and Child Nursing, effective 7/1/2015
Prior UW Appointment:
• Affiliate Associate Professor, Global Health
Degrees:
• PhD, 1983, University of Washington
• MA, 1981, University of Illinois
• BS, 1977, University of Washington

Montano, Daniel Edward
Research Professor, Family and Child Nursing, effective 7/1/2015
Prior UW Appointment:
• Affiliate Associate Professor, Global Health
Degrees:
• PhD, 1983, University of Washington
• MA, 1979, University of Illinois
• BS, 1976, University of Washington
Department of Psychosocial and Community Health
Matthews, Sarah Webb
Assistant Professor without Tenure, Psychosocial and Community Health, effective 7/1/2015
Prior UW Appointment:
• Affiliate Assistant Professor, Family and Child Nursing
Degrees:
• Doctor of Nursing Practice, 2009, University of Washington
• MN, 1993, University of Washington
• BSN, 1988, University of Washington

Ruedebusch, Paula Diane
Lecturer, Full-time, Psychosocial and Community Health, effective 9/16/2015
Prior UW Appointment:
• Clinical Assistant Professor, Psychosocial and Community Health
Degrees:
• Doctor of Nursing Practice, 2012, University of Colorado (Denver)
• MSN, 2009, University of North Colorado
• BSN, 2004, University of Florida

School of Pharmacy
Department of Pharmacy
Basu, Anirban
Professor, Pharmacy, effective 5/1/2015
Prior UW Appointment:
• Professor, Health Services
Degrees:
• PhD, 2004, University of Chicago
• MS, 1999, University of North Carolina
• MS, 1997, University of Toledo
• BS, 1995, Jadavpur University (India)

University of Washington, Bothell
UW Bothell School of Business
Nam, Hyoryung
Assistant Professor, School of Business, Bothell, effective 9/16/2015
Degrees:
• PhD, 2012, University of Maryland
• MS, 2004, Korea Advanced Institute of Science and Technology
• BS, 2002, Korea University (Korea)
Ozkan-Seely, Gulru Fatma  
**Assistant Professor, School of Business, Bothell, effective 9/16/2015**  
Degrees:  
- PhD, 2009, Georgia Institute of Technology  
- MBA, 2003, Georgia State University  
- BS, 2001, Middle East Technical University (Turkey)

Trapido, Denis  
**Assistant Professor, School of Business, Bothell, effective 9/16/2015**  
Degrees:  
- PhD, 2008, Stanford University  
- MA, 2003, Stanford University  
- MA, 2002, University of Tartu (Estonia)  
- BA, 2001, University of Tartu (Estonia)

UW Bothell School of Nursing and Health Studies  
Anderson, Eric Stoerm  
**Senior Lecturer, Full-time, School of Nursing and Health Studies, Bothell, effective 9/16/2015**  
Prior UW Appointment:  
- Lecturer Part-Time, School of Nursing and Health Studies, Bothell  
Degrees:  
- Doctor Of Education, 2006, University of Houston  
- MED, 2003, The University of Texas at Brownsville  
- MS, 1998, University of Phoenix  
- BS, 1996, State University of New York (Albany)

University of Washington, Tacoma  
UW Tacoma School of Interdisciplinary Arts and Sciences  
Dillman, Joanne Clarke  
**Lecturer, Full-time, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015**  
Prior UW Appointment:  
- Lecturer Full-Time, School of Interdisciplinary Arts and Sciences, Tacoma  
Degrees:  
- PhD, 2009, George Mason University  
- MFA, 1987, Columbia University  
- AB, 1984, Brown University
Frost, Ann Christine
Lecturer, Full-time, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015
Prior UW Appointment:
- Lecturer Full-Time, School of Interdisciplinary Arts and Sciences, Tacoma
Degrees:
- PhD, 2014, University of Washington
- MA, 2009, University of Washington
- JD, 2000, University of Washington
- BA, 1997, University of Denver

Hershberg, Rachel Masha
Assistant Professor, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015
Degrees:
- PhD, 2012, Boston College
- BA, 2006, Hampshire College

Kennedy, Maureen Christine
Assistant Professor, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015
Degrees:
- PhD, 2008, University of Washington
- MS, 2002, University of Washington
- BS, 1999, University of San Francisco

Liner, James Owen
Lecturer, Full-time, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015
Prior UW Appointment:
- Lecturer Part-Time, School of Interdisciplinary Arts and Sciences, Tacoma
Degrees:
- PhD, 2013, University of Florida
- MA, 2006, University of Oklahoma
- BA, 2003, Seattle University

Miller, Janie Elizabeth
Lecturer, Full-time, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015
Prior UW Appointment:
- Lecturer Full-Time, School of Interdisciplinary Arts and Sciences, Tacoma
Degrees:
- MFA, 2008, University of North Carolina (Wilmington)
- BFA, 2001, Kansas State University
Myers, Jennifer Ann

Lecturer, Full-time, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015

Prior UW Appointment:
  • Lecturer Full-Time, School of Interdisciplinary Arts and Sciences, Tacoma

Degrees:
  • PhD, 2011, University of Washington
  • MA, 2002, University of Oregon
  • BA, 1997, Portland State University

Shugar, Daniel Hirsh

Assistant Professor, School of Interdisciplinary Arts and Sciences, Tacoma, effective 8/16/2015

Prior UW Appointment:
  • Affiliate Assistant Professor, School of Interdisciplinary Arts and Sciences, Tacoma

Degrees:
  • PhD, 2011, Simon Fraser University (Canada)
  • MSC, 2005, University of Guelph (Canada)
  • BSC, 2003, Carleton University (Canada)

Skipper, Haley Samantha

Lecturer, Full-time, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015

Prior UW Appointment:
  • Lecturer Full-Time, School of Interdisciplinary Arts and Sciences, Tacoma

Degrees:
  • MS, 2007, University of North Dakota
  • BS, 2005, University of North Dakota

Sundermann, Elizabeth Anne

Lecturer, Full-time, School of Interdisciplinary Arts and Sciences, Tacoma, effective 9/16/2015

Prior UW Appointment:
  • Lecturer Full-Time, School of Interdisciplinary Arts and Sciences, Tacoma

Degrees:
  • PhD, 2009, University of California (Davis)
  • MA, 2002, University of California (Davis)
  • BA, 1997, University of Montana
  • BA, 1994, University of Montana
A. Academic and Student Affairs Committee

Adoption of Proposed Amendments to Chapter 478-168 WAC, Regulations for the University of Washington Libraries

RECOMMENDED ACTION

It is the recommendation of the administration and the Academic and Student Affairs Committee that the Board of Regents adopt the proposed amendments to Chapter 478-168 WAC, Regulations for the University of Washington Libraries.

BACKGROUND

Chapter 478-168 WAC, Regulations for the University of Washington Libraries, is structured with separate sections for the Marian Gould Gallagher Law Library, administered by the School of Law, and other sections for the larger, University Libraries system. These proposed amendments bring rules for both these University organizations up to date with current technology, terminology, and best practices.

For the Marian Gould Gallagher Law Library, these proposed amendments will address functions in the library’s current location, the transition from print to include digital resources, and the centralized management of University identification.

For the University Libraries system, these proposed amendments will now refer to information on the Libraries website, change terminology to reflect current practice, and remove references to a service made obsolete by new technology and services.

Review and Approval:

These proposed amendments have been reviewed by the Attorney General’s Office, and endorsed by the Office of the President; the Dean of University Libraries and Vice Provost for Digital Initiatives; the Associate Dean for Library and Technology Services and Professor of Law; and the UW Faculty Council on University Libraries.

Attachments

Hearing Officer’s Report for May 29, 2015 public hearing
Proposed Amendments to Chapter 478-168 WAC, Regulations for the University of Washington Libraries
June 2, 2015

Interim President Ana Mari Cauce
Office of the President
University of Washington
Box 351230

Dear Interim President Cauce,

Pursuant to your delegation, I served as the Hearing Officer to receive public comment on the University of Washington’s proposed amendments to Chapter 478-168 WAC, “Regulations for the University of Washington Libraries,” at the May 29, 2015 public hearing held in Room 142 of Gerberding Hall on the UW Seattle campus. I am pleased to provide this report on the hearing and all written comments received.

As required by the Administrative Procedure Act, the University filed the following notices with the Washington State Office of the Code Reviser: a Preproposal Statement of Inquiry (published as WSR 15-06-058); and a Proposed Rule Making (published as WSR 15-09-132). Notices that a hearing would be held were published in The Daily and in UW Today on May 20, 2015. This public hearing was also announced on the events calendars for all three University campuses. The written comment period began March 18, 2015 and ended May 29, 2015.

Public Comment

No individuals or organizations provided written comment or testified at the public hearing on the proposed rule amendments.

Analysis and Recommendation

As there were no comments to the contrary, it is my recommendation that the Board of Regents adopt the amendments to the WAC rules as proposed.

An audio recording of the hearing has been deposited with the Secretary of the Board of Regents.

Sincerely,

Rebecca Goodwin Deardorff
Director of Rules Coordination

c: Mr. Thomas Deardorff
   Mr. Jonathan Franklin
   Ms. Joan Goldblatt
   Mr. Rolf Johnson
   Mr. Clark Shores
   Ms. Betsy Wilson
WAC 478-168-070 Marian Gould Gallagher Law Library—Access to facilities. (1) Access to the Marian Gould Gallagher Law Library is limited. Only University of Washington faculty and University of Washington law school students may use the library as a study hall (i.e., for use not related to that library's materials). In general, the reading room library is open for use by any person having need of the library's legal materials. However, when necessary to serve University of Washington faculty and University of Washington law school students effectively, the law librarian may restrict access to the library or any part of the library.

(2) The faculty library is for the use of University of Washington law faculty only, but books may be taken by library staff from the faculty library. The law librarian may designate an area of the library for the exclusive use of faculty. Materials located in any area designated exclusively for faculty may be taken by library staff for the limited use of other patrons.

WAC 478-168-080 Marian Gould Gallagher Law Library—Use of materials. (1) In the use of library materials, the Marian Gould Gallagher Law Library serves the students, faculty, and staff of the law school, the students, faculty, and staff of other university departments, faculty of other colleges and universities, librarians of other libraries, judges, members of the Washington bar and persons who have a degree from the law school. The law librarian has discretion to specify other groups of patrons and to set priorities of use among all groups of patrons. However, University of Washington law faculty and law school students have priority when other patrons need the same materials. The law librarian also has discretion to establish restrictions specific to particular library materials or a single library item.

(2) Circulation regulations may differ according to type of material and usage.

(3) Because of the reference nature of some of the collection, some materials do not circulate and must be used in the library. The law librarian shall define the phrase "in the library."

(4) Each borrower is responsible for materials he or she checks out at the circulation desk.
WAC 478-168-092 Marian Gould Gallagher Law Library—Student identification cards—Conditions of use. (1) University of Washington law school students must carry official ((law school)) identification cards ((issued at the time of enrollment in the school)) to enter the library when it is not staffed.

(2) An identification card is authorized for use only by the student whose name appears on the card.

(3) Student identification must be presented for the completion of each in-person circulation transaction.

(4) Each student must maintain current validation of the student's card.

(5) Each student (shall) must keep the (library) appropriate university office informed of changes of name and address.

WAC 478-168-094 Marian Gould Gallagher Law Library—Official registration of other library users. (1) All library users other than University of Washington (law school) faculty (and), staff, and students must complete a registration ((card)) form for library records at the (main) circulation desk.

(2) Information required includes name, permanent address, ((telephone number, and user category)) and additional requested contact information.

(3) Each borrower (shall) must keep the (library) appropriate university office informed of changes of name, permanent address, ((telephone number, and user category)) and additional requested contact information.

WAC 478-168-096 Marian Gould Gallagher Law Library—((Daily)) Registration by library users—Procedures. (1) All eligible library users other than University of Washington ((law school)) faculty (and), staff, and students must present identification and register at the (main) circulation desk upon entering (and leaving) the library.

(2) (Proper) Identification and visitor's permits shall be as specified by the law librarian.

((3) When in the law library, all eligible library users other than University of Washington law school faculty and staff and University of Washington law school students must display a visitor's permit.)
on the person or at the workplace when there. Visitor's permits are issued at the time of daily registration.

(4) Permits must be returned to the main circulation desk upon leaving the library.

(5) Failure to return permits may result in the revocation of library privileges.)

AMENDATORY SECTION (Amending WSR 14-17-097, filed 8/19/14, effective 9/19/14)

WAC 478-168-180 Identification card—Conditions of use. (1) Each borrower is responsible for obtaining an official identification card from the appropriate university office or a library borrower's card from the library account services.

(2) An identification card is authorized for use only by the individual whose name appears on the card.

(3) Official identification must be presented for the completion of each in-person circulation transaction.

(4) Each borrower is responsible for materials checked out on ((his/her)) his or her University of Washington identification card or library borrower's card. Library materials are not to be loaned to others ((except as designated in WAC 478-168-180(6))).

(5) ((Campus)) All borrowers are responsible for keeping the ((registrar or payroll)) appropriate university office informed of changes of address. ((Off-campus borrowers are responsible for keeping the library account services informed of changes of address.

(6) Each University of Washington faculty, academic personnel, administrative personnel, professional staff, visiting scholar, and other individuals as authorized by the dean of university libraries, may designate up to two proxies or couriers for the purpose of picking up materials for his/her use.))

AMENDATORY SECTION (Amending WSR 05-21-133, filed 10/19/05, effective 11/19/05)

WAC 478-168-310 Fines and charges. (1) All borrowers are subject to a uniform system of fines and charges for late return of library material and for replacement costs when required. The dean of university libraries or ((his/her)) his or her designee will set the schedule of fines and charges on a regular basis.

(2) The approved schedule of fines and charges will be available ((online and in the Libraries Operations Manual)) on the University of Washington libraries web site.

(3) Fines are monetary sanctions for the late return of material. ((Finances are levied only when an overdue item is returned prior to billing.))

(4) ((Billing charges are)) A fee is levied to defray the costs incurred by the libraries in billing, processing sanctions, and other activities related to the recovery of material ((that is substantially overdue)).
(5) Replacement charges are levied to pay for the replacement of (substantially overdue) material. The replacement charges include the cost of the material and the cost of processing the material for the shelves. All library materials, regardless of fines and fees paid, remain state property.

(6) Binding, mending, and damage charges are levied to repair material, to prepare replacement materials for circulation or to compensate for the decreased value of materials due to irreparable damage.

AMENDATORY SECTION (Amending WSR 04-13-087, filed 6/17/04, effective 9/21/04)

WAC 478-168-380 Appeal of library charges. (1) The libraries have the right to reduce or forgive fines and charges for borrowers in accordance with the guidelines (specified in the Libraries Operations Manual) available on the University of Washington libraries web site. Borrowers can appeal unresolved problems to the library fines appeals committee.

(2) The libraries inform potential appellants of the availability of the appeals process at the time of billing and in all correspondence regarding the application of sanctions.

(3) Meetings of the libraries fines appeals committee are considered brief adjudicative procedures as defined by the Administrative Procedure Act (chapter 34.05 RCW). Committee meetings are conducted in conformance with the act and other applicable laws.

(4) A completed appeals form must be submitted within six months of billing for the charges to be appealed.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Vision for UW Tacoma

For information only.

BACKGROUND

Dr. Mark Pagano, Chancellor of UW-Tacoma, will present his vision for the UWT campus.
VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

Admission Summary for Autumn 2015 New Undergraduate Students

For information only.

BACKGROUND

This session and associated PowerPoint offer a summary of admission outcomes and enrollment projections for Autumn 2015 new undergraduate students for each of the three campuses. The slides include comparative application and admission-related data as well as diversity and academic profile information.

Attachment
Admission Data for Autumn 2015 New Undergraduate Students
Freshman Class Applications 2010 to 2014 (and 2015 projected as of 6-19-2015)

- U.S. Non-res
- International
- WA Residents

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Non-res</th>
<th>International</th>
<th>WA Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>22843</td>
<td>4168</td>
<td>10350</td>
</tr>
<tr>
<td>2011</td>
<td>24540</td>
<td>4933</td>
<td>10447</td>
</tr>
<tr>
<td>2012</td>
<td>26138</td>
<td>6602</td>
<td>9941</td>
</tr>
<tr>
<td>2013</td>
<td>30200</td>
<td>7397</td>
<td>10916</td>
</tr>
<tr>
<td>2014</td>
<td>31611</td>
<td>7632</td>
<td>10459</td>
</tr>
<tr>
<td>2015</td>
<td>36831 (Projected)</td>
<td>8923</td>
<td>11228</td>
</tr>
</tbody>
</table>
Freshman Class Admit Rates 2010 to 2014 (and 2015 projected as of 6-19-2015)

Admit rate = percentage of applicants offered admission
Freshman Class Enrollment Yield (%) 2010 to 2014 (and 2015 projected as of 6-19-2015)

Admission-to-enrollment yield is the percentage of students offered admission who actually enroll.

Washington Residents
Non-resident International
Non-resident Domestic

2010: 62.8, 35.1, 18.5
2011: 61.4, 41.5, 17.0
2012: 61.1, 36.1, 16.4
2013: 60.5, 32.6, 15.9
2014: 60.1, 30.0, 16.1
2015: 58.6, 31.4, 15.9
Freshman Class Enrollment 2010 to 2014 (and 2015 projected as of 6-19-2015)

- U.S. Non-res
- International
- WA Residents

Year: 2010 | 2011 | 2012 | 2013 | 2014 | 2015 (Projected)
---|---|---|---|---|---
U.S. Non-res: 5497 | 5793 | 6049 | 6255 | 6361 | 6800
International: 916 | 961 | 982 | 1070 | 1176 | 1400
WA Residents: 4017 | 3796 | 4044 | 4211 | 4275 | 4300

Total:
- 2010: 11,884
- 2011: 13,739
- 2012: 15,975
- 2013: 16,526
- 2014: 17,832
- 2015 (Projected): 18,906

UNIVERSITY of WASHINGTON
New Transfer Student Enrollment

- Applications were up slightly overall (a little over 1%)
- We expect approximately the same number of transfer students this autumn as last autumn:
  - Approx. 1,350 Washington Community College transfer students
  - Approx. 175 Four-Year College transfer students
  - A total of approx. 1,525 transfer students

Freshman Class Profile Data

- Diversity trends are mostly positive
  - African-American students may exceed 220 in the class (would be a record number)
  - Hispanic/Latino students may exceed 500 for the first time in UW history
  - Hawaiian/Pacific Islander will exceed 70 students and may hit a record number
  - Native American projected enrollment is disappointing this year. We received the same number of applications as last year, but the admit rate was considerably lower. We are looking into this to ensure there were no factors at play which the University controls.

- Freshman Class Academic Profile Trends
  - GPA is 3.78 (middle 50% range of 3.67-3.94) compared to 3.76 last year
  - Test score trends strongly positive:
    - SAT Critical Reading plus Math (CR+M) Composite Score of 1249 compared to 1238 last year (+11)
      - Residents = 1227 (+3)
      - U.S. Non-Residents = 1297 (+9)
      - International = 1289 (+36)
## UW Tacoma Confirmed Freshmen Applicants Autumn 2015
### as of 6/22/15

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>Washington Resident</th>
<th>Non-Resident</th>
<th>International</th>
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<tbody>
<tr>
<td>TOTAL</td>
<td>482</td>
<td>446</td>
<td>30</td>
<td>6</td>
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<tr>
<td>MALE</td>
<td>190</td>
<td>173</td>
<td>17</td>
<td>2</td>
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<tr>
<td>FEMALE</td>
<td>292</td>
<td>273</td>
<td>13</td>
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<tr>
<td>AFRICAN-AMERICAN</td>
<td>65</td>
<td>60</td>
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<tr>
<td>NATIVE AMERICAN</td>
<td>7</td>
<td>7</td>
<td>0</td>
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<tr>
<td>ASIAN</td>
<td>133</td>
<td>126</td>
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<tr>
<td>CAUCASIN</td>
<td>166</td>
<td>153</td>
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<tr>
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<td>20</td>
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</tr>
<tr>
<td>HISPANIC/LATINO</td>
<td>82</td>
<td>77</td>
<td>5</td>
<td></td>
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<tr>
<td>NOT IND</td>
<td>9</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>FIRST-GENERATION</td>
<td>300</td>
<td>284</td>
<td>15</td>
<td>1</td>
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</table>

### Academic Background of Confirmed Applicants
- HS GPA AVG: 3.23
- SAT MATH AVG: 488
- SAT VERBAL AVG: 483
- SAT WRITING AVG: 469

### Top 10 Cities of Confirmed Applicants
- TACOMA: 104
- FEDERAL WAY: 47
- KENT: 34
- PUYALLUP: 31
- SEATTLE: 26
- SPANAWAY: 17
- AUBURN: 15
- RENTON: 12
- GRAHAM: 12
- OLYMPIA: 12

Grand Total: 310
<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>Washington Resident</th>
<th>Non-Resident</th>
<th>International</th>
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<td>TOTAL</td>
<td>757</td>
<td>636</td>
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<tr>
<td>MALE</td>
<td>352</td>
<td>290</td>
<td>17</td>
<td>45</td>
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<tr>
<td>FEMALE</td>
<td>405</td>
<td>346</td>
<td>26</td>
<td>33</td>
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<tr>
<td>AFRICAN-AMERICAN</td>
<td>71</td>
<td>68</td>
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<tr>
<td>NATIVE AMERICAN</td>
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<td>ASIAN</td>
<td>149</td>
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<tr>
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<td>332</td>
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<td>HAW/PAC</td>
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<td>4</td>
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<tr>
<td>HISPANIC/LATINO</td>
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<td>72</td>
<td>10</td>
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<tr>
<td>NOT IND</td>
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<td>378</td>
<td>21</td>
<td>36</td>
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### Top 10 Colleges of Confirmed Applicants

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<th>Last Institution Name</th>
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<tbody>
<tr>
<td>TACOMA CC</td>
<td>136</td>
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<tr>
<td>PIERCE COLLEGE</td>
<td>135</td>
</tr>
<tr>
<td>GREEN RIVER CC</td>
<td>81</td>
</tr>
<tr>
<td>HIGHLINE CC</td>
<td>77</td>
</tr>
<tr>
<td>BELLEVUE COLLEGE</td>
<td>40</td>
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<tr>
<td>SOUTH PUGET SOUND CC</td>
<td>38</td>
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<tr>
<td>SEATTLE CENTRAL COLLEGE</td>
<td>28</td>
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<tr>
<td>OLYMPIC COLLEGE</td>
<td>25</td>
</tr>
<tr>
<td>SOUTH SEATTLE CC</td>
<td>23</td>
</tr>
<tr>
<td>UNIV OF WASHINGTON</td>
<td>20</td>
</tr>
<tr>
<td>Grand Total</td>
<td>603</td>
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</table>

### Academic Background of Confirmed Applicants

<p>| | |</p>
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<thead>
<tr>
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<tbody>
<tr>
<td>Transfer GPA AVG</td>
<td>3.16</td>
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<tr>
<td>Transfer Credit AVG</td>
<td>86</td>
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</table>
## Year-to-Date Admissions Outcomes

<table>
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<tr>
<th></th>
<th>Fall 2015 Appl</th>
<th>Fall 2014 Appl</th>
<th>Change</th>
<th>Fall 2015 Admits</th>
<th>Fall 2014 Admits</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Year</td>
<td>2810</td>
<td>2364</td>
<td>+19%</td>
<td>2219</td>
<td>1879</td>
<td>+18%</td>
</tr>
<tr>
<td>Transfer</td>
<td>1999</td>
<td>1765</td>
<td>+13%</td>
<td>818</td>
<td>693</td>
<td>+18%</td>
</tr>
</tbody>
</table>
2015 Projections:
- New First Years: 695 (9% increase over Fall 2014)
- New 2-Year/4-Year Transfers: 845 (13% increase over Fall 2014)
## Characteristics of First Year Class 2014 Actual vs 2015 Projection

<table>
<thead>
<tr>
<th></th>
<th>2014 Actual</th>
<th>2015 Projection*</th>
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<tbody>
<tr>
<td>WA Resident</td>
<td>95%</td>
<td>92%</td>
</tr>
<tr>
<td>Domestic Non-Resident</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>International</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Underrepresented Minority</td>
<td>27%</td>
<td>29%</td>
</tr>
<tr>
<td>First Generation (4 Yr)</td>
<td>51%</td>
<td>48%</td>
</tr>
<tr>
<td>HS GPA</td>
<td>3.27</td>
<td>3.29</td>
</tr>
<tr>
<td>SAT Math</td>
<td>524</td>
<td>524</td>
</tr>
<tr>
<td>SAT Critical Reading</td>
<td>495</td>
<td>510</td>
</tr>
</tbody>
</table>

*2015 projection based on confirms as of 6.16.15
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Red Flag Rules – Identity Theft Compliance Program Annual Report

INFORMATION


This program requires ‘financial institutions’ and ‘creditors,’ which includes the University of Washington, to create an identity theft reduction program. The University of Washington is covered under the Red Flag Rules due to its role in:

- Collecting registration and billing information to create patient accounts and/or bill for the provision of healthcare services; and
- Issuing and collecting loan funds.

This report fulfills the FTC mandated annual reporting requirements to the Board of Regents’ Finance and Asset Management Committee.

GOVERNANCE AND MANAGEMENT

Student Fiscal Services (a department in Finance and Facilities) is responsible for the administration of the Red Flag Rules Program for all non UW Medicine offices.

The UW Medicine Board Compliance Committee and the respective boards or committees of UW Physicians, Children’s University Medical Group, Harborview Medical Center, UW Medical Center, Northwest Hospital, and Valley Medical Center have oversight for the UW Medicine Identity Theft Prevention Programs which are managed by UW Medicine Compliance, UWP Compliance, and CUMG Compliance.

UW Medicine hospitals and clinics and other entities maintain operational procedures that support the implementation of program policies.

PROGRAM ACCOMPLISHMENTS

A comprehensive website has been created that includes information on how to identify and detect Red Flags, how to respond to Red Flags, how the Red Flags Compliance Program is administered, and contact information for the Red Flag Rules compliance coordinators. The website also includes a list of outside
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Red Flag Rules – Identity Theft Compliance Program Annual Report (continued p. 2)

resources and a link to Administrative Policy Statement 35.2 – Identity Theft Prevention: Red Flag Rules.

In addition to maintaining the Red Flag Rules website, a training program has been implemented that involves communicating directly and providing program and/or rule updates with all University of Washington offices and units that are required to meet the Red Flag Rules.

Student Fiscal Services has a proactive identity theft prevention and identification program that looks for suspicious documents, suspicious personal identifying information, and/or suspicious account activity in place. This program is reviewed and updated annually.

UW Medicine maintains an Identify Theft Prevention Program (ITPP) to help detect, prevent and mitigate any identity theft involving patients. In addition to a UW Medicine-specific ITPP policy, operational procedures and training, the ITPP includes Patient Identification and Clarification Committees (PICC) that receive, investigate, and recommend resolution of complaints of misidentification (including, but not limited to identity theft).

COMPLIANCE UPDATES

In FY 2015 to date, Student Fiscal Services reported observing or identifying no instances of identity theft in relation to the 3,607 institutional loans disbursed to students.

In FY 2015 to date, Student Fiscal Services identified 29 possible instances of fraud/identity theft among the 4,404,897 credit card payments processed across campus. In each instance, documentation was provided to the requisite financial institutions. There is an active law enforcement investigation related to one instance.

In FY2015 to date, UW Medicine Compliance and the UW Medicine PICCs investigated 59 incidents of potential identity theft. Of those incidents, 50 were determined to constitute identity theft, 4 were registration errors and 5 were unsubstantiated claims. For the 50 identity theft incidents, the patients notified law enforcement, and UW Medicine reconciled the billing and medical records.
VII.  STANDING COMMITTEES

B.  Finance and Asset Management Committee

Red Flag Rules – Identity Theft Compliance Program Annual Report (continued p. 3)

ONGOING GOALS

Continue to identify, and communicate directly with all University of Washington offices with transactions that may be covered by the Red Flag Rules. These discussions are designed to provide program updates and information on identifying and responding to potential identity theft.

Continue to identify and report to the appropriate parties, all suspected instances of identity theft.

PREVIOUS BOARD ACTIONS AND UPDATES

| July | Finance, Audit and Facilities Committee – Red Flag Rules program and policies approved |
| July 2010 | Finance, Audit and Facilities Committee – Informational Update |
| July 2011 | Finance, Audit and Facilities Committee – Informational Update |
| July 2012 | Finance, Audit and Facilities Committee – Informational Update |
| July 2013 | Finance, Audit and Facilities Committee – Informational Update |
| July 2014 | Finance, Audit and Facilities Committee – Informational Update |
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

INFORMATION ITEM

This item is being presented for information only.

UW One Capital Plan

This is a standing agenda item.

In addition to the standard One Capital Plan update, three additional items are being added for discussion at the request of the Chair of the Finance and Asset Management Committee.

1. A preliminary 2016 planning calendar for FAM committee items.
2. A draft scorecard for Capital Projects that includes an overall status report for major projects, and a biennial summary of major (>5M) and minor (<5M) projects.
3. A preliminary presentation on space utilization and trends.

These items will be presented for Regent feedback and discussion. More details for each item is included in the attachments.

Attachments
2016 FAM Planning Calendar as of June 2015
BOR Capital Project Scorecard June 2015
UW Space 2008 to 2013
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
<td>• AAC Update (Sep mtg)</td>
<td>• Internal Audit Plans (for coming year)</td>
<td>• AAC Update (Nov mtg)</td>
<td>• Annual Audit Reports/KPMG</td>
<td>• AAC Update (Dec mtg)</td>
<td>• IA Prior Year Results</td>
<td>• KPMG/SAO/ Peterson Sullivan Audit Plans</td>
<td>• AAC Update (Jun mtg)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings (Debt Management)</td>
<td>• Semi-Annual Debt Report</td>
<td>• Mitigations plans for ICA and NWH</td>
<td>• Semi-Annual Debt Report</td>
<td>• Mitigations plans for ICA and NWH</td>
<td>• Semi-Annual Debt Report</td>
<td>• Debt Management Annual Report/ILP Rate Assessment</td>
<td>• Debt Capacity/One Capital Plan</td>
<td>• Semi-Annual Debt Report</td>
<td>• Increase to Short-Term Financing Program</td>
<td>• Annual Bond Resolution</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>• One Capital Plan</td>
<td>• Life Sciences Bldg. (approve revised budget &amp; scope)</td>
<td>• One Capital Plan</td>
<td>• One Capital Plan</td>
<td>• One Capital Plan</td>
<td>• One Capital Plan</td>
<td>• One Capital Plan</td>
<td>• One Capital Plan</td>
<td>• One Capital Plan</td>
<td>• Burke Gilman Trail Phase 1 (report on bid results)</td>
</tr>
<tr>
<td></td>
<td>• Nano-Engineering &amp; Sciences Bldg. (approve revised budget &amp; scope)</td>
<td>• UWT Urban Solutions Center Phase 1 (approve budget, financing plan, delegate authority to award GC/CM contract; pending legislative funding)</td>
<td>• Computer Science &amp; Engineering 2 (approve budget, final site selection; contingent upon EIS completion)</td>
<td>• North Campus Housing Phase 4A (approve budget, debt funding &amp; site selection; contingent upon EIS completion)</td>
<td>• UWB Student Residence Hall &amp; Dining (approve budget, financing plan &amp; delegate award of construction contract)</td>
<td>• UWB Student Residence Hall &amp; Dining (approve budget, financing plan &amp; delegate award of construction contract)</td>
<td>• UWB Student Residence Hall &amp; Dining (approve budget, financing plan &amp; delegate award of construction contract)</td>
<td>• UWB Student Residence Hall &amp; Dining (approve budget, financing plan &amp; delegate award of construction contract)</td>
<td>• UWB Student Residence Hall &amp; Dining (approve budget, financing plan &amp; delegate award of construction contract)</td>
<td>• UWB Student Residence Hall &amp; Dining (approve budget, financing plan &amp; delegate award of construction contract)</td>
</tr>
<tr>
<td></td>
<td>• Transforming Administration (data management)</td>
<td>• Transforming Administration</td>
<td>• Transforming Administration</td>
<td>• Transforming Administration</td>
<td>• Transforming Administration</td>
<td>• Transforming Administration</td>
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</table>

**2016 Planning Calendar**  
Board of Regents Finance and Asset Management Committee
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<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Fundraising including Gifts, Grants, Bequests, and Trusts</strong></td>
<td><em>Advancement Updates: Fiscal Year-End Results</em></td>
<td><em>Advancement Update: ROI</em></td>
<td></td>
<td></td>
<td></td>
<td><em>Advancement Update: Benchmarking</em></td>
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<tr>
<td><strong>Intercollegiate Athletics</strong></td>
<td>Annual Financial Report</td>
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<tr>
<td><strong>Investment</strong></td>
<td>UWINCO Update (with Investment Performance Quarterly Report)</td>
<td><em>Actions Taken Under Delegated Authority (with FAM chair/vice-chair only)</em></td>
<td><em>UWINCO Update (with Investment Performance Quarterly Report)</em></td>
<td><em>Actions Taken Under Delegated Authority (with FAM chair/vice-chair only)</em></td>
<td><em>UWINCO Update (with Investment Performance Quarterly Report)</em></td>
<td><em>Actions Taken Under Delegated Authority (with FAM chair/vice-chair only)</em></td>
<td><em>Annual Investment Program Update</em></td>
<td><em>Comparative Asset Allocation (Cambridge Associates)</em></td>
<td><em>Actions Taken Under Delegated Authority (with FAM chair/vice-chair only)</em></td>
</tr>
<tr>
<td><strong>Planning, Development, Funding and Maintenance of Facilities/Equipment (over $15 million)</strong></td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td><em>UWINCO Update (with Investment Performance Quarterly Report)</em></td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td><em>Capital Projects Semi-Annual Report</em></td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
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<td>Metro Tract Performance Review</td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td>ACRE Update</td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
<td>ACRE Update</td>
<td>Metro Tract Performance Review</td>
<td><em>Actions Taken Under Delegated Authority ($5-15M)</em></td>
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<td></td>
<td></td>
<td>Annual Financial Report</td>
</tr>
<tr>
<td><strong>Other reports or presentations upon request</strong></td>
<td>Business Diversity Statement</td>
<td>Compliance Plan (pending Provost Baldasty's confirmation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HRP Updates UW Medicine Board Updates</td>
</tr>
</tbody>
</table>
## Major Capital Assets Summary Scorecard (As of June 25, 2015)

### Major Construction Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost($M)</th>
<th>Baseline Cost Est. ($M)</th>
<th>Phase</th>
<th>Bidg. Type</th>
<th>Gross Square Footage</th>
<th>Cost to Date</th>
<th>Scheduled Use Date</th>
<th>Appr’vd Forecast</th>
<th>Forecast</th>
<th>Anticipated Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Research and Care Facility</td>
<td>$123.5</td>
<td>$123.5</td>
<td>Const. Research</td>
<td>83,000</td>
<td>$4/17</td>
<td>$13.0</td>
<td>4/17</td>
<td>$14.6</td>
<td>4/17</td>
<td>130.0</td>
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<tr>
<td>Burke-Gilman Trail Corridor</td>
<td>$18.9</td>
<td>$18.9</td>
<td>Design Infrastructure</td>
<td>6.1</td>
<td>3/16</td>
<td>$56.9</td>
<td>12/16</td>
<td>$4.6</td>
<td>3/16</td>
<td>6.1</td>
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<tr>
<td>Denny Hall Renovation</td>
<td>$56.9</td>
<td>$52.9</td>
<td>Design Classroom</td>
<td>56.9</td>
<td>8/16</td>
<td>$4.6</td>
<td>6/16</td>
<td>$32.9</td>
<td>8/16</td>
<td>52.9</td>
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<tr>
<td>Fluke Hall Renovation</td>
<td>$37.9</td>
<td>$13.1</td>
<td>Design Research</td>
<td>37.9</td>
<td>8/15</td>
<td>$5.4</td>
<td>12/15</td>
<td>$18.8</td>
<td>8/15</td>
<td>37.0</td>
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<tr>
<td>Housing Maple and Terry Halls</td>
<td>$133.0</td>
<td>$92.4</td>
<td>Const. Housing</td>
<td>390,000</td>
<td>8/15</td>
<td>$120.5</td>
<td>8/15</td>
<td>$92.4</td>
<td>8/15</td>
<td>126.5</td>
</tr>
<tr>
<td>Life Sciences Building</td>
<td>$160.5</td>
<td>$1.9</td>
<td>Design Classroom</td>
<td>189,000</td>
<td>7/18</td>
<td>$160.5</td>
<td>7/18</td>
<td>$1.9</td>
<td>7/18</td>
<td>160.5</td>
</tr>
<tr>
<td>Montlake Triangle Project</td>
<td>$25.3</td>
<td>$4.0</td>
<td>Const. Infrastruct.</td>
<td>n/a</td>
<td>7/15</td>
<td>$27.1</td>
<td>6/15</td>
<td>$14.9</td>
<td>7/15</td>
<td>27.0</td>
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<tr>
<td>NanoEngineering and Sciences Building</td>
<td>$53.0</td>
<td>$2.2</td>
<td>Const. Research</td>
<td>78,000</td>
<td>7/16</td>
<td>$54.3</td>
<td>12/16</td>
<td>$18.0</td>
<td>7/16</td>
<td>47.0</td>
</tr>
<tr>
<td>New Burke Museum</td>
<td>$75.0</td>
<td>$3.4</td>
<td>Design Other</td>
<td>110,000</td>
<td>8/17</td>
<td>$75.0</td>
<td>8/17</td>
<td>$50.0</td>
<td>8/17</td>
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<tr>
<td>North Campus Housing Replacement IVA</td>
<td>$216.0</td>
<td>$1.5</td>
<td>Design Housing</td>
<td>n/a</td>
<td>6/18</td>
<td>$216.0</td>
<td>6/18</td>
<td>$11.0</td>
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<tr>
<td>UW Police Department Facility</td>
<td>$19.5</td>
<td>$21.1</td>
<td>Const. Other</td>
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<td>6/16</td>
<td>$19.5</td>
<td>6/16</td>
<td>19.5</td>
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<tr>
<td>Tacoma Urban Solutions Center</td>
<td>$19.5</td>
<td>$21.1</td>
<td>Design Student</td>
<td>19.5</td>
<td>6/16</td>
<td>$19.5</td>
<td>6/16</td>
<td>$19.5</td>
<td>6/16</td>
<td>19.5</td>
</tr>
<tr>
<td>UWMC Expansion Phase II</td>
<td>$52.5</td>
<td>$23.4</td>
<td>Const. Infrastruct.</td>
<td>17,000</td>
<td>4/14</td>
<td>$36.2</td>
<td>2/14</td>
<td>$8.0</td>
<td>4/14</td>
<td>36.2</td>
</tr>
<tr>
<td>West Campus Utility Plant</td>
<td>$110.0</td>
<td>$2.4</td>
<td>Computer Science and Eng Bldg</td>
<td>110.0</td>
<td>3/15</td>
<td>$110.0</td>
<td>3/15</td>
<td>$32.5</td>
<td>3/15</td>
<td>110.0</td>
</tr>
<tr>
<td>Electronic Engineering and Sciences Building</td>
<td>$36.5</td>
<td>$10.7</td>
<td>Close-out Student</td>
<td>70,300</td>
<td>12/14</td>
<td>$20.8</td>
<td>12/14</td>
<td>$8.0</td>
<td>12/14</td>
<td>20.7</td>
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<tr>
<td>Discovery Hall</td>
<td>$68.0</td>
<td>$38.0</td>
<td>Close-out Student</td>
<td>75,000</td>
<td>8/14</td>
<td>$68.0</td>
<td>8/14</td>
<td>$38.0</td>
<td>8/14</td>
<td>68.0</td>
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<tr>
<td>wraf7altx™ (Intellectual House)</td>
<td>$5.8</td>
<td>$1.4</td>
<td>Close-out Student</td>
<td>8,340</td>
<td>3/15</td>
<td>$5.6</td>
<td>3/15</td>
<td>$1.4</td>
<td>3/15</td>
<td>5.8</td>
</tr>
</tbody>
</table>

### Other Capital Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost($M)</th>
<th>Phase</th>
<th>Bidg. Type</th>
<th>Gross Square Footage</th>
<th>Cost to Date</th>
<th>Scheduled Use Date</th>
<th>Appr’vd Forecast</th>
<th>Forecast</th>
<th>Anticipated Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Payroll Modernization</td>
<td>$68.1</td>
<td>IT</td>
<td>n/a</td>
<td>$70.0</td>
<td>$22.6</td>
<td>6/16</td>
<td>$6.4</td>
<td>61.7</td>
<td>$68.1</td>
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</table>

### Totals

<table>
<thead>
<tr>
<th></th>
<th>$1,433</th>
<th>$1,588,640</th>
</tr>
</thead>
</table>

**Legend**

1. Forecast to Budget Variance: On Budget = Green; 1-10% Over Budget = Yellow; >10% Over Budget = Red
2. Schedule Variance: On Schedule = Green; Within One Month = Yellow; > One Month = Red

*Burke-Gilman Trail Corridor: Includes Phase I Design & Construction + Phase II Design Only*
### Capital Projects Biennium Scorecard (As of June 25, 2015)

#### Major Projects (>$5M)

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Projects</th>
<th>Total GSF</th>
<th>Total ASF</th>
<th>Total Project Costs</th>
<th>Total Const. Costs</th>
<th>% On Budget</th>
<th>% On Schedule</th>
<th>Average CO Rate</th>
<th>Overall Funding Sources &amp; Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects Approved Prior Biennium(s)</td>
<td>16</td>
<td>1,897,688</td>
<td>1,216,352</td>
<td>926</td>
<td>734.7</td>
<td>87%</td>
<td>75%</td>
<td>6.63%</td>
<td>109.8</td>
</tr>
<tr>
<td>Projects Approved This Biennium</td>
<td>14</td>
<td>2,362,640</td>
<td>1,534,016</td>
<td>1,124</td>
<td>741.7</td>
<td>71%</td>
<td>57%</td>
<td>N/A</td>
<td>75.6</td>
</tr>
<tr>
<td>Projects Completed</td>
<td>15</td>
<td>1,924,328</td>
<td>1,233,668</td>
<td>870</td>
<td>691.3</td>
<td>93%</td>
<td>93%</td>
<td>6.92%</td>
<td>97.9</td>
</tr>
<tr>
<td>Projects On-going</td>
<td>15</td>
<td>2,336,000</td>
<td>1,516,700</td>
<td>1,181</td>
<td>785.1</td>
<td>66%</td>
<td>80%</td>
<td>N/A</td>
<td>87.5</td>
</tr>
</tbody>
</table>

#### Projects by Space Type

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Projects</th>
<th>Total GSF</th>
<th>Total ASF</th>
<th>Total Project Costs</th>
<th>Total Const. Costs</th>
<th>% On Budget</th>
<th>% On Schedule</th>
<th>Average CO Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>4</td>
<td>251,300</td>
<td>152,645</td>
<td>310</td>
<td>204.8</td>
<td>68%</td>
<td>80%</td>
<td>93%</td>
</tr>
<tr>
<td>Classroom</td>
<td>4</td>
<td>458,323</td>
<td>279,830</td>
<td>425</td>
<td>304.4</td>
<td>67%</td>
<td>80%</td>
<td>93%</td>
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<tr>
<td>Housing</td>
<td>5</td>
<td>2,483,020</td>
<td>1,613,996</td>
<td>687</td>
<td>471.0</td>
<td>93%</td>
<td>93%</td>
<td>6.92%</td>
</tr>
<tr>
<td>Medical</td>
<td>2</td>
<td>251,000</td>
<td>163,150</td>
<td>208</td>
<td>180.4</td>
<td>95%</td>
<td>95%</td>
<td>6.92%</td>
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<tr>
<td>Student</td>
<td>9</td>
<td>652,135</td>
<td>435,848</td>
<td>348</td>
<td>277.1</td>
<td>93%</td>
<td>93%</td>
<td>6.92%</td>
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<tr>
<td>Other</td>
<td>6</td>
<td>164,500</td>
<td>104,900</td>
<td>196</td>
<td>138.2</td>
<td>93%</td>
<td>93%</td>
<td>6.92%</td>
</tr>
</tbody>
</table>

#### Minor Projects (<$5M)

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Projects</th>
<th>Total GSF</th>
<th>Total ASF</th>
<th>Total Project Costs</th>
<th>Total Const. Costs</th>
<th>% On Budget</th>
<th>% On Schedule</th>
<th>Average CO Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects Approved Prior Biennium(s)</td>
<td>215</td>
<td>950,000</td>
<td>N/A</td>
<td>118</td>
<td>76.5</td>
<td>93%</td>
<td>85%</td>
<td>5.42%</td>
</tr>
<tr>
<td>Projects Approved This Biennium</td>
<td>172</td>
<td>815,000</td>
<td>N/A</td>
<td>93</td>
<td>67.4</td>
<td>93%</td>
<td>93%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Projects Completed</td>
<td>278</td>
<td>1,500,000</td>
<td>N/A</td>
<td>186</td>
<td>133</td>
<td>92%</td>
<td>92%</td>
<td>4.96%</td>
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<tr>
<td>Projects On-going</td>
<td>109</td>
<td>265,000</td>
<td>N/A</td>
<td>25</td>
<td>10.9</td>
<td>93%</td>
<td>93%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### Projects by Space Type

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Projects</th>
<th>Total GSF</th>
<th>Total ASF</th>
<th>Total Project Costs</th>
<th>Total Const. Costs</th>
<th>% On Budget</th>
<th>% On Schedule</th>
<th>Average CO Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>39</td>
<td>158,500</td>
<td></td>
<td>22</td>
<td></td>
<td>93%</td>
<td>85%</td>
<td>5.42%</td>
</tr>
<tr>
<td>Classroom</td>
<td>15</td>
<td>75,000</td>
<td></td>
<td>5</td>
<td></td>
<td>93%</td>
<td>85%</td>
<td>5.42%</td>
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<tr>
<td>Housing</td>
<td>27</td>
<td>10,800</td>
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<td>7</td>
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<td>93%</td>
<td>85%</td>
<td>5.42%</td>
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<td>Administration</td>
<td>23</td>
<td>34,500</td>
<td></td>
<td>17</td>
<td></td>
<td>93%</td>
<td>85%</td>
<td>5.42%</td>
</tr>
<tr>
<td>Medical</td>
<td>97</td>
<td>475,000</td>
<td></td>
<td>101</td>
<td></td>
<td>93%</td>
<td>85%</td>
<td>5.42%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>128</td>
<td>N/A</td>
<td></td>
<td>41</td>
<td></td>
<td>93%</td>
<td>85%</td>
<td>5.42%</td>
</tr>
<tr>
<td>Student/ICA</td>
<td>58</td>
<td>248,000</td>
<td></td>
<td>18</td>
<td></td>
<td>93%</td>
<td>85%</td>
<td>5.42%</td>
</tr>
</tbody>
</table>
UW Space
2008 to 2013
UW Space

• The UW has 21.4M Net Square Feet (NSF)

• UW grew from 2.4M to 3.2M NSF between 2008 & 2013

• Biggest expansion in Seattle off-campus space, grew by > 57%, or 1.28M NSF

• Biggest overall expansion in assignable space is office and research, grew by 16% 350K NSF & 12% or 270K NSF

• Smallest growth located in Fields Stations, Tacoma and Bothell, each 1% or less

• Smallest overall expansion in assignable space is instruction space, 1% or 20K NSF
**UW Space Growth**

Net Square Feet 2008 to 2013

- **Seattle Main Campus**
  - 2008: 13,000,000
  - 2013: 13,500,000

- **Seattle Off-Campus**
  - 2008: 13,000,000
  - 2013: 13,500,000

- **Tacoma Bothell Field Stations**
  - 2008: 3,500,000
  - 2013: 4,000,000

- **UW Tacoma/UW Bothell/Field Stations**
  - 2008: 1.28M
  - 2013: 890K

The biggest growth was Seattle off-campus (compared to UWS/UWB/UWT).

*UNIVERSITY of WASHINGTON*
UW Space Growth by Function
Net Square Feet: 2008 to 2013 + 2.24M NSF

- Support Facilities, 820,000, 36%
- Auxilliary, 520,000, 23%
- Office, 350,000, 16%
- Research, 270,000, 12%
- Health Care, 260,000, 12%
- Instruction, 20,000, 1%

Reflects Alder Hall, Elm Hall, Poplar Hall, Cedar Apartments (Auxilliary Housing); SLU Phase II, MolEs (Research/Office), Paccar Hall (Office/Instruction)
UW Seattle Off-Campus Space
Net Square Feet: 2008 (3.65M) - 2013 (4.93M)

Reflects SLU Phase II, Harborview area growth, leased off campus properties
UW Seattle On-Campus Space
Net Square Feet: 2008 (13.61M) - 2013 (14.5M)

Support Facilities, 290,000, 33%
Auxilliary, 390,000, 44%
Health Care, 90,000, 10%
Office, 70,000, 8%
Research, 40,000, 4%
Instruction, 10,000, 1%

GROWTH: 890K NSF

Reflects housing additions, Paccar Hall, Ethnic Cultural Center, and UWMC additions
UW Tacoma Space
Net Square Feet: 2008 (420K) - 2013 (450K)

Support Facilities Office Instruction Auxilliary Research

GROWTH 19K NSF

2008 2013

Support Facilities
Office
Instruction
Auxilliary
Research

- (1,000)
- (1,000)
-  -
21,000

UNIVERSITY of WASHINGTON
UW Bothell Space
Net Square Feet: 2008 (360K) - 2013 (390K)

Reflects Tioga Library, Assembly Hall and Center for Urban Waters
Field Stations
Net Square Feet: 2008 (170K) - 2013 (180K)

GROWTH: 10K NSF

Reflects Discovery Hall and Cascade Community College Building 3
UW Research Expenditures
Total Research Expenditures*, All Campuses and Sites 2008-2013

* Total Research Expenditures include both direct and indirect costs, as reported by UW Office of Research.
UW Seattle Research Expenditures
Direct Research Expenditures* per Research ASF 2008 to 2013


* Direct Research Expenditures: Modified Total Direct Cost (MTDC) as reported by UW Management Accounting and Analysis
UW Seattle Student Enrollment Growth
Student FTE 2007 to 2014 compared to Instructional Space in 2008 and 2013
Major Capital Assets Summary Scorecard
(as of June 25, 2015)

Cost Forecast (19 major construction projects)

- On budget (14) 74%
- 1-10% over budget (3) 16%
- >10% over budget (2) 11%

Scheduled to Use

- On schedule (13) 68%
- > one month (6) 32%
  > Burke-Gilman Trail Corridor (2 mos.)
  > Denny Hall Renovation (62 mos.)
  > Fluke Hall Renovation (6 mos.)
  > Nano-Engineering & Sciences Building (5 mos.)
  > UWMC Expansion Phase II (6 mos.)
  > UW Bothell Phase 3 – Discovery Hall (1 mo.)
UW Space & Expenditure Change

> 2008 – 2013: UW grew from 2.4M to 3.2M Net Square Feet (NSF)
  – Seattle On-Campus 7% ↑
  – Seattle Off-Campus 35% ↑
  – Bothell 8% ↑
  – Tacoma 7% ↑
  – Field Stations 6% ↑

> 2008 – 2013: Research Utilization
  – UW Research Expenditures 26% ↑
  – Direct Research Expenditures per Research ASF
    – 2008 $202 per ASF
    – 2013 $220 per ASF
    – Increase $18 per ASF or 9%

> 2008 – 3023: Student Enrollment vs. Instructional Space
  – Overall Enrollment 6% ↑
  – Instructional Space
    – 2008 10.00 ASF/student
    – 2013 9.75 ASF/student
    – Decrease .25 ASF/student or 3%
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2

INFORMATION ITEM

This item is being presented as an information item.

PROJECT BACKGROUND

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 3 for details. 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 Washington Biomedical Research Properties or WBRP). The University subleases each completed building under a separate facilities lease from WBRP.

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.

Phases I and II

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 occupied.

Phase III

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 3.2 will be a building of approximately 165,000 GSF of research and clinical space. It is anticipated that Phase 3.2 will be completed in the winter of 2018. Its underground parking and much of its infrastructure were already
B. Finance and Asset Management Committee

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

constructed as part of Phase 3.1. Attachment 4 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 5 and a chronology of future key dates is shown in Attachment 6.

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.

The Opportunity

The Project is of vital strategic importance to the School of Medicine. The success of the research program at South Lake Union is attributable to the multidisciplinary centers and institutes that allow for collaborations that may not otherwise occur within traditional department-centered research facilities. 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, Mouse Metabolic Phenotyping Center, 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.

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.

All of the current SLU research space is fully assigned and a list of proposed occupants in Phase 3.2 has been developed. New programs and expansion of existing programs include microbiology, global health, kidney research, immunology, biomedical informatics, neurosciences, protein design, gastrointestinal and behavioral assays.
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.

**Transaction Structure**

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.

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.

To implement the transaction structure, WBRP 3.2 will be authorized by the Board of Regents to:

1) Enter into the facilities lease with the University;
2) Issue 63-20 bonds backed by the lease payments to fund the construction of SLU Phase 3.2;
3) Exercise the first extension option to extend the Phase 3.1, 3.2, and 3.3 ground leases by an additional five years to facilitate the Phase 3.2 financing; and
4) Undertake the development of the property through a previously
B. Finance and Asset Management Committee

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

executed Development Services Agreement with City Investors LLC.

Financing Plan

Project funding sources and uses for Phase 3.2 are detailed below:

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity (1)</td>
<td>24,500,000</td>
</tr>
<tr>
<td>Debt - Building</td>
<td>113,900,000</td>
</tr>
<tr>
<td>Debt - Equipment</td>
<td>4,600,000</td>
</tr>
<tr>
<td>Total Sources of Funds</td>
<td>143,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>117,700,000</td>
</tr>
<tr>
<td>Capitalized Interest (2)</td>
<td>17,700,000</td>
</tr>
<tr>
<td>Cost of Issuance</td>
<td>2,800,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>4,600,000</td>
</tr>
<tr>
<td>Total Uses of Funds</td>
<td>143,000,000</td>
</tr>
</tbody>
</table>

(1) Equity is based on 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 June of 2018. The amortizing debt will be $118.5 million.

(2) Capitalized Interest is money borrowed to pay bondholders during project construction.

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 pro forma. 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 a larger shortfall. The School of Medicine has
B. Finance and Asset Management Committee

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

set aside reserves to fund projected future shortfalls.

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%
- Direct Cost per square foot (2014): $219
- 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 Sensitivities

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.

Sensitivities

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 was 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.
B. Finance and Asset Management Committee

UW Medicine at South Lake Union – Authorization of Phase 3.2 (continued p. 6)

If both scenarios were to occur, 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 sensitivities are summarized 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.

Impact on Institutional Debt Capacity

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>Total Project Capacity</td>
</tr>
<tr>
<td>Less: Authorized Projects (3)</td>
</tr>
<tr>
<td>Less: SLU 3.2 Bonds</td>
</tr>
<tr>
<td>Remaining Project Capacity</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.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

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

(2) 10% of the Invested Funds, less previously allocated Capital Assets Pool (CAP) dollars
(3) Cash flow needs for authorized projects from Fiscal Year 2016 onwards

Review and Approvals

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, Planning and Management, 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) 63-20 Diagram
3) Site Map
4) Phase 3.2 Project Budget
5) Previous Board of Regents Items Timeline
6) Phase III Chronology of Key Dates
7) SLU 3.2 Base Case Proforma
8) SLU 3.2 Stress Test Summary
9) UW Medicine SLU Phase 3.2 Overview and Update, June 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
City Investors XII LLC (Landowner)

Development Services Agreement

Ground Lease/$$

WBRP III 501(C)(3)

Bond Proceeds

Bonds

Debt Service

Ground Rent

Facility Lease

UW School of Medicine

Bondholders
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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural &amp; Engineering</td>
<td>$8,800,000</td>
</tr>
<tr>
<td>Consultants</td>
<td>$894,000</td>
</tr>
<tr>
<td><strong>Total Consultant Services</strong></td>
<td><strong>$9,694,000</strong></td>
</tr>
<tr>
<td>Construction Costs</td>
<td>$98,246,045</td>
</tr>
<tr>
<td>Furniture Fixtures and Equipment</td>
<td>$4,563,000</td>
</tr>
<tr>
<td>Other Costs</td>
<td>$1,092,135</td>
</tr>
<tr>
<td>Project Administration</td>
<td>$4,529,000</td>
</tr>
<tr>
<td><strong>Total Other Costs</strong></td>
<td><strong>$10,184,135</strong></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$118,124,180</strong></td>
</tr>
<tr>
<td>Project Contingency</td>
<td>$4,161,000</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>$18,807,979</td>
</tr>
<tr>
<td>Cost of Issuance</td>
<td>$1,918,721</td>
</tr>
<tr>
<td><strong>Total Design, Construction and Financing Cost</strong></td>
<td><strong>$143,011,880</strong></td>
</tr>
</tbody>
</table>
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
# SLU 3.2 BASE CASE PROFORMA

<table>
<thead>
<tr>
<th></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>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>9,747</td>
<td>9,845</td>
<td>9,943</td>
<td>10,043</td>
<td>10,143</td>
<td>10,244</td>
<td>10,347</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>
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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>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>10,704</td>
<td>10,830</td>
<td>10,958</td>
<td>11,088</td>
<td>11,220</td>
<td>11,353</td>
<td>11,489</td>
<td>1.2%</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>
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<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>
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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>
<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>Net Operating Margin</strong></td>
<td>(822)</td>
<td>(766)</td>
<td>(702)</td>
<td>(671)</td>
<td>(739)</td>
<td>(677)</td>
<td>(621)</td>
<td>(714)</td>
</tr>
</tbody>
</table>

*N* CAGR=Compound Annual Growth Rate

**Notes:**
- 2022 is the first stabilized year
- SLU3.2 has 122,422 net assignable square feet
- MTDC/FICR increases by 1% per year
- Negotiated SLU IC rate remains the same at 74% (calculated rate is 80.1%)
- Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
Key Risks
Indirect Cost Recovery (ICR) Rate at 68% vs. base case of 74%
    - Continuing federal budget challenged may negatively impact ICR rate
Research Density at $189/asf vs. base case of $219/asf
    - Decreased NIH funding impacts density of research

Base Case and Stress Cases as of June 2015:

<table>
<thead>
<tr>
<th>Factor</th>
<th>$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 22-28 average annual shortfall of base case proforma</td>
<td>$0.7</td>
</tr>
<tr>
<td>Shortfall + grant density at $188/asf</td>
<td>$2.0</td>
</tr>
<tr>
<td>Shortfall + indirect cost rate at 68%</td>
<td>$2.0</td>
</tr>
<tr>
<td>Shortfall + density at $189/asf + indirect cost rate at 68%</td>
<td>$3.3</td>
</tr>
</tbody>
</table>
UW MEDICINE
SLU PHASE 3.2
OVERVIEW AND UPDATE

UW BOARD OF REGENTS
MARK GREEN, PAUL JENNY, MARY FRAN JOSEPH,
CHRIS MALINS, LORI MITCHELL
JUNE 2015
On April 3, 2015, UW Central Administration and UW Medicine agreed to recommend the development of SLU 3.2 to the UW Medicine Board and to the UW Board of Regents.

On April 27, 2015, UW Medicine Board agreed to recommend the development of SLU 3.2 to the UW Board of Regents.
SLU TIMELINE

Study of Off-Campus Sites

Phase I Complete

Phase II Complete

Phase 3.1 Complete

Projected Completion of Phase 3.2

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

Regents Approve Phase I

Regents Approve Phase II

Regents Approve SLU III Plan and Phase 3.1

Phase 3.2 Due Diligence; Decisions

W UW Medicine

F–3.9/207-15 7/9/15
- Approve a resolution authorizing Washington Biomedical Research Properties (WBRP) 3.2 as issuer of the bonds and agreeing to accept title to the property when the bonds are paid off

- Delegate authority to the President or her designee to execute a long term occupancy lease to support a project budget not to exceed $143 million

- Allow for a project cost increase of up to 10% or $11.7 million over approved budget to allow for cost escalation. Any budget increase will be funded by School of Medicine equity and cannot be used for expanded project scope
SUMMARY OF FINANCIAL DUE DILIGENCE

The project is within an acceptable level of risk to UW Medicine and the University and the mitigation strategies are reasonable.

Key findings:

- Greater equity contribution than in previous phases reduces the debt burden ($24.5 million or ~20% of project cost)
- High tech sales tax deferral saves $7.4 million in project costs
- Four year averaging of grant activity provides a conservative projection of revenue
- Calculated Facilities and Administration rate is 80.15%, which is 6% over current approved rate of 74%

Proforma bottom line from 2022 (first stabilized year) to 2028 averages $714k “shortfall” annually
**KEY ASSUMPTIONS**

- 1% growth rate of direct costs
- 74% Facilities & Administration rate
- Grant density at $219 per assignable square foot
- Interest rate on bonds at 4.76% for shell and core, 4.28% for tenant improvements, and 4.08% for furniture, fixtures, and equipment
- 3% growth rate of operations and maintenance costs
- Equity of $24.5 million funded from gifts and UW Medicine reserves
- Project completed in 2018; first stabilized year 2022
OVERVIEW OF UW MEDICINE AT SLU

Multi-Phase Project:

• **Phase I** (Brotman Building) - 100,000 GSF research space completed 2004

• **Phase II** - 166,000 GSF research space and 100,000 GSF administrative space completed 2008

• **Phase 3.1** - 147,000 GSF research space (above ground) completed 2013

• **Phase 3.2** - 165,000 GSF research space projected completion 2018

• **Phase 3.3** - 180,000 GSF research space projected completion ≈ 2022
SLU SITE MAP

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

---

**Mercer Street**

- Phase III – 3.3
- Phase III – 3.2
- Phase III – 3.1

- 8th Avenue N
  - Phase II Lab
  - Phase II Office

- 9th Avenue N
  - Brotman Phase I

---

**Dexter Avenue N**

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

**Westlake Avenue N**

- Phase I (Brotman) 2004
  - Lab: 100,000 GSF
  - Phase II 2008
  - Lab: 166,000 GSF
  - Office: 100,000 GSF

---

**UW Medicine**

---

**TREASURY OFFICE**
**UNIVERSITY OF WASHINGTON**
SLU 3.2 Building Description

- 8-story building
- 165,000 GSF, with 122,000 assignable SF
- Shared parking structure with SLU 3.1 (already built)
- Wet lab – Floors 2-6
- Dry lab – Floors 7-8
- Clinic space – Floors 1-2
- Expanded research activity
SLU 3.2 Anticipated Tenants

- Researchers (primarily from Microbiology) currently in nearby Rosen Building
- Expansion of the Diabetes and Obesity Center of Excellence
- Kidney Research Institute
- UW Medicine Clinic
- Other researchers conducting research in the areas of global health, immunology, neurosciences, protein design, gastro-intestinal, behavioral assays and biomedical informatics
Review of Transaction Structure

- Assessment of real estate structure, financing structure, construction model
- Report issued May 23, 2013
- Recommendation: “no change in the real estate structure, no change in the construction, development and property management model, and use of a 63-20 lease-backed tax-exempt financing method”

Financial Review

- Assessment of demand for space, size of project, financial feasibility, equity, revenue and expenses, risk and mitigation
- Initial report issued June 10, 2014; second review March 2015
- Initial report: “project is within an acceptable level of risk to the SoM and the University and the mitigation strategies are reasonable”
- Second review: “Overall risk profile is not materially different” than initial report
## SOURCES AND USES OF FUNDS

### Sources of Funds ($ millions)

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Revenue Bonds</td>
<td>118.5</td>
</tr>
<tr>
<td>School of Medicine Equity</td>
<td>24.5</td>
</tr>
<tr>
<td><strong>Total Sources of Funds (1)</strong></td>
<td><strong>143.0</strong></td>
</tr>
</tbody>
</table>

### Uses of Funds

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design and Construction Costs</td>
<td>117.7</td>
</tr>
<tr>
<td>Furniture, Fixtures and Equipment</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Sub Total Project Costs</strong></td>
<td><strong>122.3</strong></td>
</tr>
<tr>
<td>Financing Costs (including Capitalized Interest)</td>
<td>20.7</td>
</tr>
<tr>
<td><strong>Total Uses of Funds</strong></td>
<td><strong>143.0</strong></td>
</tr>
</tbody>
</table>

(1) Note that the bonds will be sized at $143 million. The $24.5 equity will be the first principal payment on the bonds in June 2018.
**PROFORMA OVERVIEW – BASE CASE**

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

<table>
<thead>
<tr>
<th></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>
<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>9,747</td>
<td>9,845</td>
<td>9,943</td>
<td>10,043</td>
<td>10,143</td>
<td>10,244</td>
<td>10,347</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><strong>10,704</strong></td>
<td><strong>10,830</strong></td>
<td><strong>10,958</strong></td>
<td><strong>11,088</strong></td>
<td><strong>11,220</strong></td>
<td><strong>11,353</strong></td>
<td><strong>11,489</strong></td>
<td><strong>1.2%</strong></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>958</td>
<td>983</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>2,017</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><strong>11,526</strong></td>
<td><strong>11,596</strong></td>
<td><strong>11,660</strong></td>
<td><strong>11,759</strong></td>
<td><strong>11,959</strong></td>
<td><strong>12,030</strong></td>
<td><strong>12,110</strong></td>
<td><strong>0.8%</strong></td>
</tr>
</tbody>
</table>

*CAGR=Compound Annual Growth Rate

Notes:
- 2022 is the first stabilized year
- SLU 3.2 has 122,422 net assignable square feet
- MTDC/FICR increases by 1% per year
- Negotiated SLU IC rate remains the same at 74% (calculated rate is 80.1%)

Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
RISKS AND STRESS TESTS

Key Risks

Indirect Cost Recovery (ICR) Rate at 68% vs. base case of 74%
- Continuing federal budget challenges may negatively impact ICR rate

Research Density at $188/asf vs. base case of $219/asf
- Decreased NIH funding impacts density of research

Base Case and Stress Cases as of June 2015:

<table>
<thead>
<tr>
<th>Factor</th>
<th>$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 22-28 average annual shortfall of base case proforma</td>
<td>$0.7</td>
</tr>
<tr>
<td>Shortfall + grant density at $188/asf</td>
<td>$2.0</td>
</tr>
<tr>
<td>Shortfall + indirect cost rate at 68%</td>
<td>$2.0</td>
</tr>
<tr>
<td>Shortfall + density at $188/asf + indirect cost rate at 68%</td>
<td>$3.1</td>
</tr>
</tbody>
</table>
## PROFORMA OVERVIEW – DENSITY STRESS

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

<table>
<thead>
<tr>
<th></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:**
- Facilities Indirect Cost: 8,469, 8,553, 8,639, 8,725, 8,812, 8,901, 8,990 (1.0%)
- Clinical: 870, 896, 922, 950, 979, 1,008, 1,038 (3.0%)
- Parking: 87, 90, 92, 95, 98, 101, 104 (3.0%)
- State Appropriations: 0, 0, 0, 0, 0, 0, n/a
- Total Revenue: 9,425, 9,538, 9,654, 9,770, 9,889, 10,009, 10,132 (1.2%)

**Expense:**
- Operations and Maintenance: 2,210, 2,277, 2,345, 2,415, 2,488, 2,563, 2,639 (3.0%)
- Ground Rent: 958, 958, 958, 983, 1,110, 1,110, 1,110 (2.5%)
- Debt Service - Building: 5,669, 5,668, 5,668, 5,664, 5,667, 5,664, 5,668 (0.0%)
- Debt Service - Tenant Impr.: 2,013, 2,017, 2,013, 2,017, 2,017, 2,017, 2,017 (0.0%)
- Debt Service - Equipment: 451, 451, 451, 455, 453, 455, 452 (0.0%)
- Capital Reserve: 225, 225, 225, 225, 225, 225, 225 (0.0%)
- Total Expense: 11,526, 11,596, 11,660, 11,759, 11,959, 12,030, 12,110 (0.8%)

**Net Operating Margin**

<table>
<thead>
<tr>
<th></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></td>
<td>(2,101)</td>
<td>(2,057)</td>
<td>(2,006)</td>
<td>(1,989)</td>
<td>(2,070)</td>
<td>(2,021)</td>
<td>(1,978)</td>
</tr>
</tbody>
</table>

*CAGR=Compound Annual Growth Rate

Notes:
- 2022 is the first stabilized year
- SLU3.2 has 122,422 net assignable square feet
- MTDC/FICR increases by 1% per year
- Negotiated SLU IC rate remains the same at 74% (calculated rate is 80.1%)
- Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
- Highlighted rows show difference from base case

---

UW Medicine

F–3.9/207-15
7/9/15
### PROFORMA OVERVIEW – RATE STRESS

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

<table>
<thead>
<tr>
<th>Fiscal Year</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>
<td>1.0%</td>
</tr>
</tbody>
</table>

#### Revenue:

- **Facilities Indirect Cost**
  - FY2022: 8,538
  - FY2023: 8,623
  - FY2024: 8,710
  - FY2025: 8,797
  - FY2026: 8,885
  - FY2027: 8,973
  - FY2028: 9,063

- **Clinical**
  - FY2022: 870
  - FY2023: 896
  - FY2024: 922
  - FY2025: 950
  - FY2026: 979
  - FY2027: 1,008
  - FY2028: 1,038

- **Parking**
  - FY2022: 87
  - FY2023: 90
  - FY2024: 92
  - FY2025: 95
  - FY2026: 98
  - FY2027: 101
  - FY2028: 104

- **State Appropriations**
  - FY2022: 0
  - FY2023: 0
  - FY2024: 0
  - FY2025: 0
  - FY2026: 0
  - FY2027: 0
  - FY2028: n/a

**Total Revenue**

- FY2022: 9,494
- FY2023: 9,608
- FY2024: 9,724
- FY2025: 9,842
- FY2026: 9,961
- FY2027: 10,082
- FY2028: 10,205

#### Expense:

- **Operations and Maintenance**
  - FY2022: 2,210
  - FY2023: 2,277
  - FY2024: 2,345
  - FY2025: 2,415
  - FY2026: 2,488
  - FY2027: 2,563
  - FY2028: 2,639

- **Ground Rent**
  - FY2022: 958
  - FY2023: 958
  - FY2024: 958
  - FY2025: 983
  - FY2026: 1,110
  - FY2027: 1,110
  - FY2028: 1,110

- **Debt Service - Building**
  - FY2022: 5,669
  - FY2023: 5,668
  - FY2024: 5,668
  - FY2025: 5,664
  - FY2026: 5,667
  - FY2027: 5,664
  - FY2028: 5,668

- **Debt Service - Tenant Improvements**
  - FY2022: 2,013
  - FY2023: 2,017
  - FY2024: 2,013
  - FY2025: 2,017
  - FY2026: 2,013
  - FY2027: 2,017
  - FY2028: 2,017

- **Debt Service - Equipment**
  - FY2022: 451
  - FY2023: 451
  - FY2024: 451
  - FY2025: 455
  - FY2026: 453
  - FY2027: 455
  - FY2028: 452

- **Capital Reserve**
  - FY2022: 225
  - FY2023: 225
  - FY2024: 225
  - FY2025: 225
  - FY2026: 225
  - FY2027: 225
  - FY2028: 225

**Total Expense**

- FY2022: 11,526
- FY2023: 11,596
- FY2024: 11,660
- FY2025: 11,759
- FY2026: 11,959
- FY2027: 12,030
- FY2028: 12,110

#### Net Operating Margin

- FY2022: (2,031)
- FY2023: (1,987)
- FY2024: (1,936)
- FY2025: (1,917)
- FY2026: (1,998)
- FY2027: (1,948)
- FY2028: (1,905)

*Average Margin for Stress Case: (1,960)

---

*CAGR=Compound Annual Growth Rate

Notes:
- 2022 is the first stabilized year
- SLU3.2 has 122,422 net assignable square feet
- MTDC/FICR increases by 1% per year
- Negotiated SLU IC rate changed from 74% to 68% for stress test
- Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
- Highlighted rows show difference from base case

---

UW Medicine

F-3.9/207-15
7/9/15
## PROFORMA OVERVIEW – COMBINED STRESS

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

<table>
<thead>
<tr>
<th></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>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>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Indirect Cost</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>
</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>
</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>
</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>
</tr>
<tr>
<td>Total Revenue</td>
<td>8,375</td>
<td>8,478</td>
<td>8,583</td>
<td>8,689</td>
<td>8,796</td>
<td>8,906</td>
<td>9,017</td>
</tr>
<tr>
<td>Expense:</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>
</tr>
<tr>
<td>Ground Rent</td>
<td>958</td>
<td>958</td>
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<td>1,110</td>
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<td>451</td>
<td>451</td>
<td>455</td>
<td>453</td>
<td>455</td>
<td>452</td>
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<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>
</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>
</tr>
<tr>
<td>Net Operating Margin</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>(3,114)</td>
</tr>
</tbody>
</table>

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Notes:
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- Interest rate on debt: 4.76% Shell & Core; 4.28% Tenant Improvements; 4.08% FF&E (100 basis points over current rates)
- Highlighted rows show difference from base case
MITIGATION STRATEGIES

• Identify additional funding, including repurposing Administrative Indirect Cost Recovery (ICR) and reserves

• Delay capital expenditures

• Repurpose Space
  • More space for clinical use
  • Consolidate research from other leased space into the Phase III facilities
  • Lease space to non-UW research to the extent allowed under tax law and the terms of the master ground lease.
The SLU 3.2 project and associated borrowing has been identified on the One Capital Plan. The issuance of the debt reduces overall project capacity, but maintains UW’s financial ratios in line with Aa peers.

### 5 Year Project Capacity Projection ($ in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt Capacity (2016-2020) (1)</td>
<td>1,300</td>
</tr>
<tr>
<td>Plus: Remaining CAP (2)</td>
<td>100</td>
</tr>
<tr>
<td>Total Project Capacity</td>
<td>1,400</td>
</tr>
<tr>
<td>Less: Authorized Projects (3)</td>
<td>(280)</td>
</tr>
<tr>
<td>Less: SLU 3.2 Bonds</td>
<td>(118)</td>
</tr>
<tr>
<td>Remaining Project Capacity:</td>
<td>1,002</td>
</tr>
</tbody>
</table>

(1) Not inclusive of current outstanding debt. Number represents how much additional debt the University can issue over the next five years
(2) 10% of the Invested Funds, less already allocated CAP dollars
(3) Cash flow needs for authorized projects from FY16 onward
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
PHASE 3.2 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
B. Finance and Asset Management Committee

Standard & Poor’s Higher Education Sector Overview

INFORMATION ITEM

As part of the debt issuance process, the University of Washington asks two independent third parties to review the credit of the University and provide information to market participants. Investors use this information when determining whether to purchase University of Washington debt and at what interest rate.

The two independent third parties, or rating agencies, engaged by the University are Moody’s and Standard & Poor’s. The high ratings provided by Moody’s (Aaa) and Standard & Poor’s (AA+) have helped the University access the capital markets to meet its strategic objectives and achieve a low cost of borrowing.

Representatives of Standard & Poor’s are available to discuss both higher education generally and the credit of the University of Washington.

Attachments
S&P Presentation
Potential Items for Discussion
January 2015 Standard and Poor’s Rating Presentation
January 2015 S&P Report to UW
S&P Presentation: University of Washington Board of Regents Meeting

Speakers:

Jessica Matsumori
Senior Director and Analytical Manager
U.S. Public Finance Ratings - Education

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Director
U.S. Public Finance Ratings - Healthcare

July 9, 2015
Agenda

• S&P Higher Education Industry outlook

• Current trends in Higher Education/Healthcare

• Understanding an S&P rating report
  University of Washington’s Credit Profile

• Q&A
Higher Education: Industry Outlook
2015 Outlook: Negative

(We expect more negative rating actions than positive in 2015)
U.S. Higher Education: Essential or Optional?

Intensifying debate over the necessity of Higher Education:

Examples:

• "Is college worth it?" - The Economist

• "Why everyone shouldn't go to college" - The Washington Post

• "Is College Worth It? Clearly, New Data Say" - The New York Times
U.S. Higher Education: Essential or Optional?

TRANSPORTATION

HIGHER EDUCATION

<table>
<thead>
<tr>
<th>Technical College</th>
<th>Ivy League University</th>
<th>Public University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Liberal Arts College</td>
<td>Community College</td>
<td>Online College</td>
</tr>
</tbody>
</table>
U.S. Higher Education: A Buyer’s Market with Mounting Expenses

Student demands regarding tuition increases limit revenue potential

Student demands increase institutional expenses
- New facilities
- Increased amenities
- Better student services
U.S. Higher Education Rating Actions in 2015

*As of June 8, 2015. **Includes multiple downgrades for University of Puerto Rico
U.S. Higher Education Outlook Revisions in 2015

![Bar chart showing revisions from 2010 to 2015.]

As of June 8, 2015
U.S. Higher Education Ratings Distribution

Public

As of June 8, 2015
Current Trends in Higher Education
Hot Topics in 2015

• Institutional liquidity;
• Capital pressures and their funding;
• ERM;
• Outsourcing;
• Leadership transitions;
• Healthcare/ACA;
• Data tracking/reporting;
• Debt profile composition;
• Net tuition revenue growth – financial aid focus
Other Industry Trends/Topics

- Affordability/Access

- State/Federal Funding and reporting requirements

- Traditional Higher Education Model/ Increased Strategic Planning

- Demand/Enrollment Trends

- Online Strategies – Past the First-Mover Rush
Current Trends in Healthcare
Not-For-Profit Healthcare

Continuing negative pressures in the not-for-profit health care industry will drive credit quality in the sector for the remainder of 2015, which we believe will result in slightly more downgrades than upgrades in 2015 after adjusting for M&A activity and criteria revision.

• Organizations will find that the negative pressures are broad based and, on average, weighing credit quality down
• Positive countermeasures are constrained by the longer time frame needed to achieve implementation and improve operations
• In selected circumstances, we are seeing solid positives impacting the sector: volumes; Medicaid expansion; M&A; balance sheets
Continuing negative pressures in the not-for-profit health care industry will drive credit quality in the sector for the remainder of 2015, which we believe will result in slightly more downgrades than upgrades in 2015 after adjusting for M&A activity and criteria revision.

- Many of strongest hospitals and health systems are, at best, only likely to hold existing margin and reserve levels...
- …While weaker providers will likely see operating margin and cash flow erosion and eventually balance sheet pressure
- Resulting in the re-establishment of the existing credit gap
- M&A activity will continue
Market-Driven Reform – Part 1

• **Value orientation**
  - Broad recognition of need to develop skills and infrastructure to prepare for and accept value orientation continuum
  - Varied range of reimbursement arrangements: p4p, upside only contracts, shared risk and full capitation
  - Slow evolution not radical change yet change is accelerating, including CMS efforts to pursue population health with greater urgency
  - Insurance companies being more selective in their partnering efforts

• **Growth of high deductible plans and consequences**
  - Retail collections, changing seasonality based on consumer out of pocket costs
  - Pricing sensitivity growing in importance but still limited
    - Important in some “cash based” corners of the market
  - Implies efforts to control prices will strengthen, even as cost cutting remains stronger than ever
  - Growth of high deductible/co-pay HMO policies
Market-Driven Reform – Part 2

- **Consumerism**
  - Broader distribution channels essential and growing
    - Includes growing use of mid-level providers in both traditional and non-traditional settings
  - Reimbursement needs to be developed to handle new consumer modes of care such as e-visits, phone and photo consults
  - Consumer orientation will drive lower costs and price consciousness
  - Decision making goes from wholesale to retail, as consumers are bigger players
    - Insurance decision to buy up/buy down
    - Level of individual involvement on resource utilization
    - Movement from employer decisions to individual decision making

- **Exchanges**
  - Working, beating expectations, more enrollment in silver plans for better access
  - Pricing concessions to providers have been smaller than expected, however will maturing exchanges exert greater pressure on pricing over the long term?
  - Narrow networks: future appears bright, but lingering acceptance questions
    - Pricing decisions on purchasing insurance are driving narrow network development contributing to growing consumerism and increased provider competition
  - Private exchanges and defined contribution benefit structures emerging in tandem
Market-Driven Reform – Part 3

• **Competition**
  - Heightened competition and new forms of cooperation (beneficial disruption)
  - Continued industry consolidation for providers
  - Competition for covered lives, changing access points, cross selling opportunities
  - Insurers and provider strategies meshing creating alignment and cross sector collaboration
  - Physician employment model evolving in generational shift

• **Health system of the future**
  - What is appropriate size and scale? Are we reaching limits of size and scale?
  - Bifurcation of credit quality continues with new focus on quality and ability to manage your health with implications for traditional financial metrics
  - Ability to accept and manage risk is a differentiator
  - Movement to integrated delivery system as traditional models morphing slowly along size/scale, continuum of care, and physician integration
NFP Healthcare Rating and Outlook Distribution

Health Systems and Stand-Alone Hospitals: 500 credits

Outlooks

- STABLE: 80.9%
- POSITIVE: 11.6%
- NEGATIVE: 7.4%

Ratings

- AA: 46.8%
- A: 20.6%
- BBB: 7.8%
- S.G.: 24.8%

Ratings and outlooks as of May 1, 2015; S.G.: Speculative Grade.
# Health Systems and Stand-Alone Hospitals - Washington

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<thead>
<tr>
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<tr>
<td>PeaceHealth</td>
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<td>Providence Health and Services</td>
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<tr>
<td>Valley Medical Center</td>
<td>BBB+</td>
<td>Stable</td>
</tr>
<tr>
<td>Virginia Mason Medical Center</td>
<td>BBB</td>
<td>Stable</td>
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Ratings and outlooks as of May 1, 2015. Excludes hospitals with only tax-backed debt.
## Selected Academic Medical Centers

<table>
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<tr>
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<th>Rating</th>
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<tbody>
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<td>Duke University Health System</td>
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<tr>
<td>Indiana University Health Obligated Group</td>
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<tr>
<td>Kansas University Hospital Auth.</td>
<td>KS</td>
<td>A+</td>
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<td>Loma Linda University Medical Center</td>
<td>CA</td>
<td>BBB</td>
</tr>
<tr>
<td>Stanford Hospitals and Clinics</td>
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<td>AA-</td>
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<tr>
<td>Temple University Health System</td>
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<td>BB+</td>
</tr>
<tr>
<td>Univ. of Alabama Hospital</td>
<td>AL</td>
<td>A+</td>
</tr>
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<td>Univ. of Chicago Medical Center</td>
<td>IL</td>
<td>AA-</td>
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<td>Univ. of Colorado Hospital Auth.</td>
<td>CO</td>
<td>AA-</td>
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<tr>
<td>Univ. of Iowa Hospitals &amp; Clinics</td>
<td>IA</td>
<td>AA</td>
</tr>
<tr>
<td>Univ. of Maryland Medical System</td>
<td>MD</td>
<td>A-</td>
</tr>
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<td>Univ. of North Carolina Hospitals</td>
<td>NC</td>
<td>AA</td>
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<tr>
<td>Univ. of Pennsylvania Health System</td>
<td>PA</td>
<td>AA-</td>
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<tr>
<td>Univ. of Pittsburgh Medical Center</td>
<td>PA</td>
<td>A+</td>
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<td>Univ. of Wisconsin Hospital &amp; Clinics Auth.</td>
<td>WI</td>
<td>A+</td>
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<tr>
<td>Virginia Commonwealth Univ. Health System Auth.</td>
<td>VA</td>
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Ratings and outlooks as of May 1, 2015.
Health System & Stand-Alone Hospitals Rating Distribution

Ratings as of May 1, 2015; S.G.: Speculative Grade.
Understanding/Interpreting an S&P Rating Report
Typical S&P Report Layout

• Rationale

• Outlook

• Enterprise Profile

• Financial Profile

• Related Criteria and Research
Credit Strengths:

- Position as one of the nation's top research universities, with an estimated $1.385 billion in federal and nonfederal grant and contract awards in fiscal 2014;

- Diverse revenue base, including health care revenues (28% of 2014 revenues) and state appropriations (5.9% of revenues) from the state of Washington ('AA+/Stable' GO rating);

- Manageable 3.56% pro forma maximum annual debt service (MADS) burden;

- Impressive fundraising efforts and a healthy endowment with an estimated market value of $3.0 billion as of Mar. 31, 2015; and

- Solid enrollment and demand.
Credit Weaknesses:

- Breakeven operating results;
- Adequate financial resources for the rating category, with 2014 unrestricted net assets (UNA) equal to 38.8% of expenses and 78.9% of pro forma debt; and
- Approximately $280 million of approved additional debt plans during the next four years.
Additional Context/Rating Facts

• S&P publicly rates: 560 colleges and universities

• Only Four AAA rated Public Universities

• Only Nine AA+ rated Public Universities

• State of Washington: AA+/Stable
## Selected Comparables: PAC 12

<table>
<thead>
<tr>
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<tr>
<td>Full-time equivalent</td>
<td>54,857</td>
<td>53,380</td>
<td>30,807</td>
<td>40,791</td>
<td>23,157</td>
<td>230,600</td>
<td>26,933</td>
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<td>Freshman acceptance rate (%)</td>
<td>58.0</td>
<td>57.8</td>
<td>67.1</td>
<td>77.6</td>
<td>73.9</td>
<td>61.6</td>
<td>81.7</td>
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<td>Freshman matriculation rate (%)</td>
<td>36.2</td>
<td>37.0</td>
<td>38.0</td>
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<td>23.9</td>
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<td>Undergraduates as a % of total enrollment (%)</td>
<td>71.9</td>
<td>71.4</td>
<td>77.5</td>
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<td>78.9</td>
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<tr>
<td>Net operating margin (%)</td>
<td>N.A.</td>
<td>3.13</td>
<td>MNR</td>
<td>0.67</td>
<td>3.51</td>
<td>-24.18</td>
<td>3.58</td>
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<td>Student dependence (%)</td>
<td>N.A.</td>
<td>27.8</td>
<td>MNR</td>
<td>48.6</td>
<td>69.8</td>
<td>13.5</td>
<td>11.6</td>
<td>13.2</td>
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<td>State appropriation dependence (%)</td>
<td>N.A.</td>
<td>5.9</td>
<td>21.4</td>
<td>15.0</td>
<td>6.0</td>
<td>9.9</td>
<td>7.7</td>
<td>17.4</td>
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<tr>
<td>Healthcare operations dependence (%)</td>
<td>N.A.</td>
<td>27.9</td>
<td>MNR</td>
<td>N.A</td>
<td>N.A</td>
<td>30.3</td>
<td>44.5</td>
<td>N.A.</td>
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<td>Research dependence (%)</td>
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<td>MNR</td>
<td>23.6</td>
<td>12.6</td>
<td>18.1</td>
<td>10.3</td>
<td>24.6</td>
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<td>Endowment and investment inc dependence (%)</td>
<td>N.A.</td>
<td>2.6</td>
<td>MNR</td>
<td>2.4</td>
<td>2.5</td>
<td>1.2</td>
<td>2.7</td>
<td>7.2</td>
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<td>Current MADS burden (%)</td>
<td>N.A.</td>
<td>4.11</td>
<td>MNR</td>
<td>6.89</td>
<td>6.66</td>
<td>3.62</td>
<td>2.47</td>
<td>4.77</td>
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<td>Cash and investments to debt (%)</td>
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<td>200.7</td>
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<td>54.5</td>
<td>49.0</td>
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<td>285.6</td>
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<td>Adjusted UNA to operations (%)</td>
<td>N.A.</td>
<td>38.8</td>
<td>MNR</td>
<td>23.5</td>
<td>14.3</td>
<td>29.0</td>
<td>42.5</td>
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<td>Adjusted UNA plus debt service reserve to debt (%)</td>
<td>N.A.</td>
<td>72.3</td>
<td>88.3</td>
<td>35.3</td>
<td>16.8</td>
<td>49.4</td>
<td>163.5</td>
<td>16.3</td>
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<tr>
<td>Total adjusted operating expense</td>
<td>N.A.</td>
<td>4,475,911</td>
<td>MNR</td>
<td>1,753,337</td>
<td>824,533</td>
<td>26,730,215</td>
<td>3,428,281</td>
<td>1,020,207</td>
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<td>Total debt</td>
<td>N.A.</td>
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<td>627,000</td>
<td>1,204,230</td>
<td>764,986</td>
<td>17,313,119</td>
<td>891,246</td>
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##Selected Comparables: AA+ Institutions

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<tbody>
<tr>
<td>Full-time equivalent</td>
<td>54,857</td>
<td>53,380</td>
<td>51,399</td>
<td>45,301</td>
<td>57,285</td>
<td>105,889</td>
<td>58,163</td>
<td>120,300</td>
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<td>Freshman acceptance rate (%)</td>
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<td>61.1</td>
<td>68.6</td>
<td>60.4</td>
<td>67.3</td>
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<td>54.9</td>
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<td>79.0</td>
<td>75.6</td>
<td>72.4</td>
</tr>
</tbody>
</table>

##Financial Profile

| Net operating margin (%)       | N.A.     | -0.41     | 1.87        | 2.67                                      | 5.52                              | 18.98                                   | 1.77                                          | 0.02                                          |
| Student dependence (%)         | N.A.     | 27.8      | 26.5        | 53.7                                      | 53.0                              | 29.8                                    | 42.7                                         | 44.7                                          |
| State appropriation dependence (%) | N.A.     | 5.9       | 5.1         | 14.1                                      | 19.0                              | 20.7                                    | 14.2                                         | 24.5                                          |
| Healthcare operations dependence (%) | N.A.     | 27.9      | 28.0        | 0.0                                       | 0.0                               | N.A                                     | 30.1                                         | N.A.                                          |
| Research dependence (%)        | N.A.     | 28.6      | 30.8        | 17.9                                      | 16.7                              | 16.7                                    | 7.2                                          | 18.9                                          |
| Endowment and investment income dependence (%) | N.A. | 2.6 | 2.6 | 14.9 | 13.6 | 3.7 | 9.7 | 1.1 |
| Current MADS burden (%)        | N.A.     | 4.11      | 4.16        | 3.26                                      | 4.75                              | 4.93                                    | 3.68                                         | N.A.                                          |
| Cash and investments to debt (%) | N.A.     | 200.7     | 220.3       | 266.4                                     | 343.9                             | 234.2                                   | 218.3                                        | 177.0                                         |
| Adjusted UNA to operations (%) | N.A.     | 38.8      | 38.3        | 88.4                                      | 84.3                              | 95.0                                    | 54.6                                         | 34.5                                          |
| Total debt plus debt service reserve to debt (%) | N.A. | 72.3 | 83.5 | 187.5 | 182.3 | 185.1 | 101.9 | 127.1 |
| Total adjusted operating expense | N.A. | 4,475,911 | 4,178,349 | 2,109,938 | 1,948,823 | 3,912,776 | 2,853,590 | 4,500,512 |
| Total debt                     | N.A.     | 2,403,755 | 1,914,412 | 994,390                                   | 901,308                           | 2,007,971                               | 1,530,547                                    | 1,221,726                                     |
Selected Comparables: AAA Institutions

<table>
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<tr>
<th>Enterprise Profile</th>
<th>Demand Data 2015</th>
<th>Audited 2014</th>
<th>Audited 2013</th>
<th>Median</th>
<th>Selected Comparables</th>
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<td>5.9</td>
<td>5.1</td>
<td>8.2</td>
<td>4.2</td>
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<td>13.3</td>
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<tr>
<td>Endowment and investment income dependence (%)</td>
<td>N.A.</td>
<td>2.6</td>
<td>2.6</td>
<td>MNR</td>
<td>21.4</td>
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<td>Current MADS burden (%)</td>
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<td>4.11</td>
<td>4.16</td>
<td>MNR</td>
<td>N.A.</td>
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<tr>
<td>Cash and investments to debt (%)</td>
<td>N.A.</td>
<td>200.7</td>
<td>220.3</td>
<td>456.2</td>
<td>630.1</td>
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<td>Adjusted UNA to operations (%)</td>
<td>N.A.</td>
<td>38.8</td>
<td>38.3</td>
<td>MNR</td>
<td>103.9</td>
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<td>Adjusted UNA plus debt service reserve to debt (%)</td>
<td>N.A.</td>
<td>72.3</td>
<td>83.5</td>
<td>131.2</td>
<td>364.3</td>
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<tr>
<td>Total adjusted operating expense</td>
<td>N.A.</td>
<td>4,475,911</td>
<td>4,178,349</td>
<td>MNR</td>
<td>6,435,555</td>
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<td>Total debt</td>
<td>N.A.</td>
<td>2,403,755</td>
<td>1,914,412</td>
<td>1,637,000</td>
<td>1,834,659</td>
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Thank You

Jessica Matsumori  
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T: 415.371.5083  
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Director  
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kenneth.gacka@standardandpoors.com
July Regents – Standard & Poor’s Visit
Potential Items for Discussion

Sector-Based Questions

1) What do you see as the greatest financial risk in public higher education?
2) How has the process of issuing credit ratings changed since the financial crisis of 2008?
3) What are some best practices for institutions when working with S&P? Both in the context of a bond transaction and for overall credit monitoring.
4) Explain the quantitative methodology for determining a rating. What are some of the qualitative factors?
5) Many universities are looking at ways to privatize various non-core services (parking, energy, student housing). How does S&P view these developments?

UW-Specific Questions

6) What are three areas that S&P believes represent the largest risk to UW’s credit rating?
7) How does UW differ from other public higher education institutions? What sets us apart in a positive way? What are some challenges we have that may be unique?
8) State support for UW has declined in recent years. Does S&P view this as a credit positive, negative or neutral?
9) The UW attracts students from all over the world. How do you view geopolitical risk and its effects on student demand when providing a credit rating?

Health Care Questions

10) How does S&P think about UW’s health care exposure in the context of the overall credit rating?
11) What different types of governance structures has S&P seen in the relationship between the School of Medicine and the clinical enterprise?
12) Is there a “tipping point” in the amount of health care exposure (as a % of revenues for example) in higher education where there may be negative credit implications?
13) How does S&P view health care reform from a credit perspective?
$213,010,000*
General Revenue and Refunding Bonds, Series 2015A (Taxable)
General Revenue Refunding Bonds, Series 2015B
*Preliminary, subject to change

January 7, 2015
Introductions

Participants

- Alana Askew, Assistant Treasurer, UW Treasury
- Maureen Broom, Enterprise Finance Officer, Financial Planning and Analysis, UW Medicine
- Scott Davies, Senior Investment Officer/COO, Investments
- Stacey Lewis, Bond Counsel, Pacifica Law Group
- Mary Lidstrom, Vice Provost for Research, Office of Research
- Chris Malins, Associate Vice President, UW Treasury
- Gary Quarfoth, Associate Vice President, Planning and Management
- Dan Schaaf, Associate Controller, Financial Accounting
- Dick Schober, Financial Advisor, Piper Jaffray
- Scott Selfridge, Analyst, UW Treasury
- Liz Shirley, Enterprise Finance Officer, Financial Reporting and Accounting, UW Medicine
- Annette Sommer, Associate Treasurer, UW Treasury
- Bill Starkey, Senior Associate Treasurer, UW Treasury
- Dean Torkelson, UW Treasury

Standard & Poor’s

- Jessica Matsumori
- Robert Dobbins


**Discussion Outline and Transaction Overview**

**Outline**

- Institutional Financial Overview – Chris Malins
- Investments – Scott Davies
- Grants and Contracts – Mary Lidstrom
- UW Medicine – Liz Shirley and Maureen Broom
- Enrollment, State Appropriations and Tuition – Gary Quarfoth
- General Revenues – Bill Starkey
- Capital Planning and Debt Capacity – Bill Starkey
- Projects Update – Bill Starkey
- Conclusions – Annette Sommer

**Transaction Overview**

- General Revenue and Refunding Bonds, Series 2015A (Taxable)
  - Leasehold interest in Cobb Building (Metro Tract) of $33.4 million (30-year amortization)
  - Take-out of $8.5 million line of credit (3-year amortization)
  - $6 million refunding piece for added private use flexibility related to UW Tower/parking (2007 Bonds)

- General Revenue Refunding Bonds, Series 2015B
  - For debt service savings
  - Refunding candidates:
    - 2005 Student Fee Revenue Bonds
    - 2006 TSB Revenue Bonds
    - 2007 General Revenue Bonds

- Key Dates
  - Pricing January 22\textsuperscript{nd}
  - Closing March 3\textsuperscript{rd}
  - Requesting rating by January 12\textsuperscript{th}
Historical Revenues

- Since 1995, the University’s total revenues have more than quadrupled, from $1.4 billion to $5.8 billion
- The University maintains a diversified revenue structure
  - Tuition revenue has grown as state appropriations have declined
  - Patient services revenue has increased, most notably with the addition of NW Hospital in FY11 and Valley Medical Center in FY12
  - Grants and contracts revenue has increased from $478 million in FY95 to $1.327 billion in FY14

---

Total Revenue(1) (in millions)

- FY95: $1,425
- FY00: $1,988
- FY05: $3,069
- FY10: $3,966
- FY11: $4,643
- FY12: $4,751
- FY13: $5,435
- FY14: $5,775

(1) Includes Northwest Hospital (from FY11) and Valley Medical Center (from FY12)
**Revenues by Source FY 2010 – 2014**

- Total revenues have grown 9.8% annually since FY10
- In FY14, Patient Services, Grants and Contracts, and Tuition comprised 71% of University revenues

### Revenues by Source (dollars in millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>CAGR(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>$528</td>
<td>$595</td>
<td>$681</td>
<td>$808</td>
<td>$839</td>
<td>12.3%</td>
</tr>
<tr>
<td>Patient Services (1)</td>
<td>988</td>
<td>1,329</td>
<td>1,802</td>
<td>1,904</td>
<td>1,960</td>
<td>18.7%</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>1,256</td>
<td>1,365</td>
<td>1,353</td>
<td>1,364</td>
<td>1,327</td>
<td>1.4%</td>
</tr>
<tr>
<td>Sales and Services of Educational Departments</td>
<td>167</td>
<td>165</td>
<td>186</td>
<td>198</td>
<td>213</td>
<td>6.3%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>147</td>
<td>154</td>
<td>161</td>
<td>184</td>
<td>261</td>
<td>15.4%</td>
</tr>
<tr>
<td>State Funding for Operations</td>
<td>303</td>
<td>297</td>
<td>218</td>
<td>218</td>
<td>262</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Federal ARRA Education Funding</td>
<td>44</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>na</td>
</tr>
<tr>
<td>Gifts</td>
<td>119</td>
<td>178</td>
<td>152</td>
<td>178</td>
<td>191</td>
<td>12.6%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>309</td>
<td>401</td>
<td>41</td>
<td>349</td>
<td>488</td>
<td>12.1%</td>
</tr>
<tr>
<td>State Funding for Capital</td>
<td>33</td>
<td>37</td>
<td>6</td>
<td>47</td>
<td>8</td>
<td>-29.8%</td>
</tr>
<tr>
<td>Other</td>
<td>72</td>
<td>122</td>
<td>151</td>
<td>185</td>
<td>226</td>
<td>33.1%</td>
</tr>
<tr>
<td>Total Revenue - All Sources</td>
<td>$3,966</td>
<td>$4,643</td>
<td>$4,751</td>
<td>$5,435</td>
<td>$5,775</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

(1) Includes Northwest Hospital (from FY11) and Valley Medical Center (from FY12)
(2) Compound annual growth rate
Consolidated Endowment Fund (CEF) and Invested Funds (IF)

- Total value of CEF and IF totaled $4.4 billion as of June 30, 2014
- CEF performance for FY14 was driven by strong equity markets and fixed income positioning

### Consolidated Endowment Fund

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FYTD15 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
<td>$1,830</td>
<td>$2,154</td>
<td>$2,111</td>
<td>$2,347</td>
<td>$2,833</td>
<td>$2,875</td>
</tr>
<tr>
<td>Return</td>
<td>12.5%</td>
<td>16.0%</td>
<td>-0.9%</td>
<td>13.5%</td>
<td>15.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total Campus Distributions</td>
<td>$77</td>
<td>$95</td>
<td>$106</td>
<td>$108</td>
<td>$118</td>
<td>$32</td>
</tr>
</tbody>
</table>

### Invested Funds

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FYTD15 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value (cash and liquidity pools)</td>
<td>$1,069</td>
<td>$1,254</td>
<td>$1,387</td>
<td>$1,564</td>
<td>$1,606</td>
<td>$1,578</td>
</tr>
<tr>
<td>Market Value (including CEF and CAP portions)</td>
<td>1,424</td>
<td>1,701</td>
<td>1,809</td>
<td>2,033</td>
<td>2,275</td>
<td>2,297</td>
</tr>
<tr>
<td>Return (cash and liquidity pools)</td>
<td>4.0%</td>
<td>1.9%</td>
<td>3.2%</td>
<td>0.4%</td>
<td>1.6%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Return (including CEF and CAP portions)</td>
<td>6.3%</td>
<td>5.5%</td>
<td>1.9%</td>
<td>3.3%</td>
<td>5.0%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

(1) As of 9/30/14
Liquidity

- From FY05 to FY14, the IF has grown at a compound annual rate of 9%. At June 30, 2014, the value of the IF was $2.3 billion, a balance increase of over $200 million from 2013.
- The IF is invested in several different asset classes:
  - Treasuries and Agencies: 40%
  - CEF Units: 29%
  - Mortgage Related Investments: 18%
  - Cash Equivalents: 7%
  - Asset-Backed Securities: 6%
- In May 2014, the Board of Regents approved a maximum 15% investment of the IF in the Capital Assets Pool (CAP), with a target of 10%.

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Current Allocation (1)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Pool</td>
<td>$771 (34%)</td>
<td>15%</td>
</tr>
<tr>
<td>Liquidity Pool</td>
<td>$835 (37%)</td>
<td>40%</td>
</tr>
<tr>
<td>Total Cash and Liquidity</td>
<td>$1,606 (71%)</td>
<td>55%</td>
</tr>
<tr>
<td>DIP(2)</td>
<td>$669 (29%)</td>
<td>35%</td>
</tr>
<tr>
<td>Total Invested Funds excluding CAP</td>
<td>$2,275 (100%)</td>
<td>90%</td>
</tr>
<tr>
<td>CAP</td>
<td>$0 (0%)</td>
<td>10%</td>
</tr>
<tr>
<td>Total Invested Funds</td>
<td>$2,275 (100%)</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) As of 6/30/2014
(2) CEF Units held within Diversified Investment Pool (DIP)
Grant and Contract Awards Overview

- In each year since 1974, the University has been among the top five universities in the nation, both public and private, in federal research and training funds awarded
- UW is consistently named number one or number two among public institutions receiving awards of federal funds for science and engineering
- Research is characterized by both depth and breadth
  - 16 academic units comprising over 100 academic programs
  - Arts, Humanities, Social Sciences, Information and Library Sciences, Engineering, Physical Sciences, Biological Sciences, Biomedical Sciences, Clinical Sciences, Nursing, Dentistry, Pharmacy, Social Work, Law, Business, Public Affairs

### dollars in millions

<table>
<thead>
<tr>
<th>By Source</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grants and Contracts</td>
<td>$1,052</td>
<td>$1,096</td>
<td>$1,006</td>
<td>$817</td>
<td>$1,083</td>
</tr>
<tr>
<td>Without ARRA</td>
<td>966</td>
<td>937</td>
<td>999</td>
<td>817</td>
<td>1,083</td>
</tr>
<tr>
<td>Non-Federal Grants and Contracts</td>
<td>369</td>
<td>416</td>
<td>466</td>
<td>421</td>
<td>302</td>
</tr>
<tr>
<td>Total</td>
<td>$1,421</td>
<td>$1,512</td>
<td>$1,472</td>
<td>$1,238</td>
<td>$1,385</td>
</tr>
<tr>
<td>Total Omitting Student Financial Aid</td>
<td>$1,317</td>
<td>$1,397</td>
<td>$1,363</td>
<td>$1,123</td>
<td>$1,385</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Purpose</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and Sciences</td>
<td>$108</td>
<td>$91</td>
<td>$93</td>
<td>$82</td>
<td>$81</td>
</tr>
<tr>
<td>Engineering</td>
<td>96</td>
<td>105</td>
<td>108</td>
<td>91</td>
<td>113</td>
</tr>
<tr>
<td>Environment</td>
<td>38</td>
<td>121</td>
<td>141</td>
<td>105</td>
<td>115</td>
</tr>
<tr>
<td>Health Sciences</td>
<td>46</td>
<td>42</td>
<td>44</td>
<td>18</td>
<td>43</td>
</tr>
<tr>
<td>Medicine</td>
<td>697</td>
<td>715</td>
<td>636</td>
<td>564</td>
<td>751</td>
</tr>
<tr>
<td>Public Health</td>
<td>93</td>
<td>153</td>
<td>124</td>
<td>78</td>
<td>95</td>
</tr>
<tr>
<td>Other</td>
<td>343</td>
<td>285</td>
<td>326</td>
<td>300</td>
<td>187</td>
</tr>
<tr>
<td>Total</td>
<td>$1,421</td>
<td>$1,512</td>
<td>$1,472</td>
<td>$1,238</td>
<td>$1,385</td>
</tr>
</tbody>
</table>

(1) External financial aid grants to undergraduates were removed from totals in FY2014 ($115 million)

Note: Fiscal Years 2010, 2011 and 2012 include $86 million, $159 million and $7 million in ARRA grants, respectively
Grant and Contract Awards Overview

- In FY13, awards were received late due to sequestration. The University's fiscal year funding (July 1, 2012-June 30, 2013) was $1.24 billion, a 15% decrease from FY12
  - However, examination of the federal fiscal year (October 1, 2012-September 30, 2013) showed a 6.7% increase compared to the same time period a year earlier ($1.33 billion in FY12 vs. $1.42 billion in FY13)

- For FY14, research funding is $1.39 billion. Because of a change in reporting structure that started in FY14 ($115 million in external financial aid grants to undergraduates was removed), grants are actually 2% higher than in 2012
  - In FY14, federal funding increased 7.7% and made up 78% of total research funding
  - Non-federal funds decreased 35% (mainly foundations and state funding). When this value is corrected for removal of student financial aid, the decrease is 25%

- Longer-term projections suggest that total research funding at the University will continue to increase in the 2-3% per year range over the next 3-5 years, based on projections for federal funding from the AAAS and our past experience. Hiring of top faculty remains strong, partly due to recent investments in improving research space

- We expect the University to remain highly competitive for research funding and high quality faculty who attract strong external funding

- Should research funding decrease, departments can forecast ahead and decrease hiring of graduate students, post-docs and faculty to accommodate any downturns

- FY15 from July - November 2014 is down 14% compared to the same timeframe last year. However, this time period for FY14 was artificially inflated during the first quarter due to the sequestration timing issues. Funding for the second quarter is approximately 4% higher than last year
UW Medicine – Entities

Hospitals
- Harborview\(^{(1)}\) (413 beds) - designated as the State’s *only* Level 1 adult & pediatric Trauma & Burn Center and serves as the referral center for Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI)
- UW Medical Center (450 beds) - serves as the quaternary care referral center for cardiac, transplant, cancer, high risk OB/NICU for WWAMI
- Northwest Hospital (281 beds) - Affiliation date 1/1/2010
- Valley Medical Center (303 beds) - Affiliation date 7/1/2011

UW Physicians
- Practice group of over 1,800 employed UW physicians and health professionals

UW Neighborhood Clinics
- Nine neighborhood clinics located in King County, 10\(^{th}\) clinic to open early 2015. Primary care, urgent care and some specialty

Airlift Northwest
- Critical care air medical transport for patients throughout the WWAMI region at five base locations

School of Medicine
- Serves as the sole public medical school for the WWAMI region

Shared Ownership and Governance
- Children’s University Medical Group
- Seattle Cancer Care Alliance

\(^{(1)}\) Owned by King County, managed by the University of Washington
UW Medicine FY15

- Medicaid Expansion and Exchange enrollment surpassed expectations
  - Self Pay % significantly lower than budget at most entities
  - Increasing ER and urgent care visits as new enrollees learn how to access
- UWMC Hospital Expansion
  - Montlake Tower Phase 2 will generate additional ICU beds and operating room capacity
- ACO/ACN implementation
  - Selected as one of two Preferred Partners by Boeing for a January 2015 implementation; network includes Seattle Childrens; Seattle Cancer Care Alliance; Multicare, Overlake, Cascade, Skagit, and Island Hospitals; and PeaceHealth North Region
  - Discussions underway to offer a UW Medicine ACN for state employees and Medicaid enrollees
- ICD -10 preparation continues
### Annual Operating Revenues
($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Medical Center</td>
<td>$877,548</td>
<td>$920,705</td>
<td>$967,651</td>
<td>$438,857</td>
</tr>
<tr>
<td>Northwest Hospital</td>
<td>300,089</td>
<td>327,807</td>
<td>324,342</td>
<td>146,356</td>
</tr>
<tr>
<td>Valley Medical Center</td>
<td>436,407</td>
<td>451,012</td>
<td>474,195</td>
<td>208,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,614,044</td>
<td>$1,699,524</td>
<td>$1,766,188</td>
<td>$793,428</td>
</tr>
</tbody>
</table>

### Annual Operating Margin

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Medical Center</td>
<td>7.0%</td>
<td>2.6%</td>
<td>2.2%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Northwest Hospital</td>
<td>(1.5%)</td>
<td>1.3%</td>
<td>(3.0%)</td>
<td>(3.3%)</td>
</tr>
<tr>
<td>Valley Medical Center</td>
<td>(1.7%)</td>
<td>(7.2%)</td>
<td>(0.8%)</td>
<td>0.1%</td>
</tr>
<tr>
<td>Combined</td>
<td>3.1%</td>
<td>(0.2%)</td>
<td>0.4%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

### Unrestricted Cash and Investments

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Medical Center</td>
<td>$254,289</td>
<td>$242,396</td>
<td>$248,697</td>
<td>$248,164</td>
</tr>
<tr>
<td>Northwest Hospital</td>
<td>53,382</td>
<td>67,828</td>
<td>61,552</td>
<td>49,935</td>
</tr>
<tr>
<td>Valley Medical Center</td>
<td>139,431</td>
<td>130,953</td>
<td>152,057</td>
<td>155,641</td>
</tr>
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</table>

### Days Cash

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Medical Center</td>
<td>120</td>
<td>105</td>
<td>102</td>
<td>96</td>
</tr>
<tr>
<td>Northwest Hospital</td>
<td>70</td>
<td>81</td>
<td>71</td>
<td>53</td>
</tr>
<tr>
<td>Valley Medical Center</td>
<td>115</td>
<td>106</td>
<td>125</td>
<td>122</td>
</tr>
</tbody>
</table>
**Student Enrollment**

- Between 2010 and 2014, University-wide undergraduate enrollment and total enrollment grew 10.4% and 9.5%, respectively.
- Between 2010 and 2014, freshman applications grew 40%.
- Freshman applications increased 4.4% in 2014 from 2013.
- In 2014, freshman applications from domestic, non-resident students increased by 14% and applications from freshman international non-resident students increased by 3%.
- Growth in undergraduate enrollment is expected to come from the Bothell and Tacoma campuses.

**University-Wide Freshman Admissions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Applied</th>
<th>Admitted</th>
<th>Enrolled</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>25,268</td>
<td>14,753</td>
<td>6,122</td>
</tr>
<tr>
<td>2011</td>
<td>27,468</td>
<td>16,527</td>
<td>6,546</td>
</tr>
<tr>
<td>2012</td>
<td>29,723</td>
<td>18,152</td>
<td>6,931</td>
</tr>
<tr>
<td>2013</td>
<td>33,857</td>
<td>19,560</td>
<td>7,233</td>
</tr>
<tr>
<td>2014</td>
<td>35,382</td>
<td>20,510</td>
<td>7,429</td>
</tr>
</tbody>
</table>

**University-Wide Enrollment**

<table>
<thead>
<tr>
<th>Year</th>
<th>Undergraduate</th>
<th>Graduate</th>
<th>Professional</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>35,615</td>
<td>12,389</td>
<td>1,936</td>
</tr>
<tr>
<td>2011</td>
<td>36,192</td>
<td>12,574</td>
<td>1,979</td>
</tr>
<tr>
<td>2012</td>
<td>36,785</td>
<td>12,782</td>
<td>1,999</td>
</tr>
<tr>
<td>2013</td>
<td>37,895</td>
<td>13,177</td>
<td>2,000</td>
</tr>
<tr>
<td>2014</td>
<td>39,331</td>
<td>13,333</td>
<td>2,006</td>
</tr>
</tbody>
</table>
State Appropriations and Tuition

- In FY15, state support for the University is more than $155 million less than what it was at its peak at the start of FY09.
- The amount of tuition revenue collected from students has more than doubled in the last six years.
- In FY09, state support was 58% of the combination of state support plus tuition; in FY15, state support is 29% of the combination of state support plus tuition.

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted State Funds (in millions)</th>
<th>Budgeted Tuition Revenue (in millions)</th>
<th>Budgeted Temporary Fund Balance (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>$246</td>
<td>$609</td>
<td>$0</td>
</tr>
<tr>
<td>FY14</td>
<td>$254</td>
<td>$557</td>
<td>$0</td>
</tr>
<tr>
<td>FY13</td>
<td>$209</td>
<td>$517</td>
<td>$0</td>
</tr>
<tr>
<td>FY12</td>
<td>$212</td>
<td>$464</td>
<td>$14</td>
</tr>
<tr>
<td>FY11</td>
<td>$319</td>
<td>$370</td>
<td>$10</td>
</tr>
<tr>
<td>FY10</td>
<td>$321</td>
<td>$331</td>
<td>$11</td>
</tr>
<tr>
<td>FY09</td>
<td>$402</td>
<td>$296</td>
<td>$3</td>
</tr>
</tbody>
</table>
State Budget Process

2015 State Legislative Session

- The 2015-17 State Legislative Session starts on January 12, 2015
  - While the Governor’s proposed 2015-17 budget includes additional state funding for the University, as that funding comes with required commitments (salary increases, increased enrollments in engineering, etc.), there are no new flexible funds provided
  - The Governor’s proposed 2015-17 budget requires that undergraduate resident tuition not be increased in FY16 or FY17. In addition, the Governor has proposed a bill that permanently revises previously granted tuition-setting authority to require that the legislature specify allowed increases in undergraduate resident tuition each year as part of the biennial budget bill
  - The Governor’s proposed 2015-17 budget assumes significant new revenue from the implementation of a new carbon tax and a new capital gains tax. These tax increase proposals face a very uncertain future in the legislature – particularly in the state Senate where there is a Republican majority
  - Given a Democratic majority in the state House and a Republican majority in the state Senate, it is very hard to predict what the final adopted State budget for 2015-17 will look like
**General Revenues**

- General Revenues are all non-appropriated revenues that are not restricted by law or contract.
- The bonds are payable from General Revenues – a diverse and deep revenue source.

### General Revenue Components

<table>
<thead>
<tr>
<th>General Revenue Components</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees⁽¹⁾</td>
<td>$463,798</td>
<td>$525,085</td>
<td>$601,964</td>
<td>$711,056</td>
<td>$733,815</td>
</tr>
<tr>
<td>Grant and Contract Indirect Costs</td>
<td>228,111</td>
<td>248,274</td>
<td>247,835</td>
<td>246,502</td>
<td>242,773</td>
</tr>
<tr>
<td>Invested Funds Distribution and Net Invested Funds</td>
<td>49,118</td>
<td>34,372</td>
<td>51,861</td>
<td>16,340</td>
<td>39,742</td>
</tr>
<tr>
<td>Unrealized Gains and Loses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and Services of Educational Departments</td>
<td>166,810</td>
<td>165,475</td>
<td>185,521</td>
<td>198,320</td>
<td>212,592</td>
</tr>
<tr>
<td>Auxiliary Systems and Patient Services</td>
<td>963,261</td>
<td>1,085,871</td>
<td>1,125,187</td>
<td>1,194,740</td>
<td>1,332,929</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>55,133</td>
<td>74,478</td>
<td>62,444</td>
<td>90,040</td>
<td>82,782</td>
</tr>
</tbody>
</table>

* $1,926,231 $2,133,555 $2,274,812 $2,456,998 $2,644,633

### General Revenue Balances

<table>
<thead>
<tr>
<th>General Revenue Balances</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated General Revenue Balances</td>
<td>$992,807</td>
<td>$1,189,010</td>
<td>$1,240,322</td>
<td>$1,459,610</td>
<td>$1,614,991</td>
</tr>
</tbody>
</table>

⁽¹⁾ Does not include student activities fees, technology fees, building fees and loan funds.
Capital Planning and Debt Capacity

- The **One Capital Plan** is a comprehensive 10-year strategic plan for the University
  - The Office of Planning and Management partners with units and senior administration to evaluate and prioritize capital needs
  - The One Capital Plan is updated regularly and presented to the Regents annually
- Each debt-funded capital project undergoes a financial review prior to Regental approval
  - Standard due diligence process for projects funded by borrowing
  - Ongoing covenants and disclosure requirements after loan has been approved
  - Semi-annual reporting to Regents on borrower status
- Institutional debt capacity, in addition to the ability of projects to repay debt service, influences which projects receive funding. The methodology used to define debt capacity includes:
  - Identifying peer institutions
  - Comparing the University to peer institutions using key financial ratios
  - Managing outstanding debt so University ratios remain comparable to peers
  - Measuring debt capacity over a five-year period
  - Utilizing forecast model to determine debt capacity
- The estimated five-year debt capacity is $900 million ($1.1 billion including Capital Assets Pool)
  - Analysis assists senior leadership in prioritizing debt funded capital projects
  - The estimated debt capacity does not imply that the maximum will be borrowed
  - Each project is separately evaluated based on the strength of its financing plan and institutional strategic importance
Project Status

Status of Major Approved Projects

- Housing Master Plan
  - Total of $800 million over 4 phases. Regents have approved through Phase 3 for total of $525 million
- UWMC Hospital Expansion
  - Phase 2 is underway and will use roughly $75 million of the Capital Assets Pool next year to complete the project
- Animal Care and Research Facilities
  - Total of $73 million over three years. This project plans to start borrowing in FY16 and will ramp up significantly in FY17

Other Projects Under Consideration

- North Campus Housing
- South Lake Union 3.2
- Life Sciences
- Bothell Housing
- Denny Hall
**Projected Borrowing Needs for Projects Approved by Board of Regents**

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Borrowing:</td>
<td>$202</td>
<td>$51</td>
<td>$86</td>
<td>$74</td>
<td>$9</td>
</tr>
<tr>
<td>Actual (in millions)</td>
<td>$178</td>
<td>$43</td>
<td>$50</td>
<td>$74</td>
<td>$9</td>
</tr>
<tr>
<td>Projected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Projected proceeds based on expected cash flows for projects authorized by the Board of Regents
(2) A portion of commercial paper borrowing is expected to be refunded with fixed rate debt in FY16
## Projected Outstanding Debt for Projects Approved by Board of Regents

### Outstanding Debt by Borrower

<table>
<thead>
<tr>
<th>Period</th>
<th>Actual</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in millions)</td>
<td></td>
</tr>
<tr>
<td>1/2/2015</td>
<td>$2,191</td>
<td>$2,015</td>
</tr>
<tr>
<td>FY15</td>
<td>$2,227</td>
<td>$2,064</td>
</tr>
<tr>
<td>FY16</td>
<td>$2,227</td>
<td>$2,069</td>
</tr>
<tr>
<td>FY17</td>
<td>$2,218</td>
<td>$2,069</td>
</tr>
<tr>
<td>FY18</td>
<td>$2,154</td>
<td>$2,011</td>
</tr>
</tbody>
</table>

**(1)** Includes revenue bonds & reimbursable state debt, capital leases, commercial paper, Northwest Hospital & Valley Medical Center revenue debt

**(2)** Non-recourse to UW. Excludes Valley Medical Center LTGO bonds
University Debt Profile 2015

Overview

- The debt portfolio consists primarily of fixed rate debt ($93 million of variable rate debt)
- Average borrowing rate for portfolio is 4.1%
- There is approximately $211 million in authorized debt remaining to be issued over the next four years
- Between $60-$80 million of principal is repaid annually

Outstanding Debt by Type
Total Debt: $2,191
(in millions as of January 2, 2015)

- General Revenue Bonds - $1,435, 66%
- Lease Revenue Bonds - $298, 13%
- NW Hospital - $89, 4%
- Commercial Paper - $93, 4%
- Valley - $81, 4%
- Other - $24, 1%
- State Bonds, Payable by UW - $171, 8%

Total Debt Service

Maximum annual debt service: $190m

(1) Excludes commercial paper principal payments
(2) Excludes Valley LTGO debt
Conclusions and Financing Schedule

- The bonds are payable from General Revenues – a diverse and deep revenue source
- FY14 financial performance was strong
- The University’s continuing disclosure and audited financials can be found under the 2014 Bondholders Report (publically available on or around January 13, 2015) at http://f2washington.edu/treasury/alm/investor-relations
- New money bonds are expected to be structured in the following manner:
  - Leasehold interest in Cobb Building (Metro Tract) of $33.4 million (30-year amortization)
  - Take-out of $8.5 million line of credit (3-year amortization)
- The 2005 Student Fee Revenue, 2006 TSB Revenue and 2007 General Revenue bonds are being refunded for debt service savings, with an NPV savings of over $20.5 million (as of 12/16/14)
  - The refunding bonds will be sold to ensure level savings for 2005 and 2006 refunded bonds
  - 2007 refunded bonds will be sold with modified savings
  - $6 million taxable portion to allow for future private use flexibility related to UW Tower/parking (2007 Bonds)
- Sale of the bonds is currently scheduled for January 22nd. Ratings by January 12th would be appreciated
Between 2010 and 2014, freshman enrollment increased
- 113% at UW Bothell
- 81% at UW Tacoma

Undergraduate enrollment is expected to increase significantly at the branch campuses over the next five years

### Freshman Applications

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle</td>
<td>30,200</td>
<td>31,611</td>
<td>5%</td>
</tr>
<tr>
<td>Bothell</td>
<td>2,459</td>
<td>2,389</td>
<td>-3%</td>
</tr>
<tr>
<td>Tacoma</td>
<td>1,198</td>
<td>1,382</td>
<td>15%</td>
</tr>
</tbody>
</table>

### Freshman Enrollment

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2013-2014 % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle</td>
<td>6,255</td>
<td>6,361</td>
<td>2%</td>
</tr>
<tr>
<td>Bothell</td>
<td>569</td>
<td>637</td>
<td>12%</td>
</tr>
<tr>
<td>Tacoma</td>
<td>409</td>
<td>431</td>
<td>5%</td>
</tr>
</tbody>
</table>
### Funding and Tuition and Fee Peer Comparison

<table>
<thead>
<tr>
<th>YEAR</th>
<th>COMPARISON</th>
<th>RESIDENT UNDERGRADUATE TUITION and FEES</th>
<th>NON-RESIDENT UNDERGRADUATE TUITION and FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>Global Challenge State Peer Group</td>
<td>$12,639</td>
<td>$34,086</td>
</tr>
<tr>
<td>2014-15</td>
<td>University of Washington</td>
<td>$12,394</td>
<td>$33,513</td>
</tr>
</tbody>
</table>

University is $245 below the peer group average
University is $573 below the peer group average

<table>
<thead>
<tr>
<th>YEAR</th>
<th>COMPARISON</th>
<th>FUNDING PER STUDENT FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>60% of Global Challenge State Peer Group</td>
<td>$23,776</td>
</tr>
<tr>
<td>2011-12</td>
<td>University of Washington</td>
<td>$17,201</td>
</tr>
</tbody>
</table>

University is $6,576 below the peer group average
Gifts

- Large gifts have made 2014 a significant year for fundraising
  - $56.1 million estate gift was donated to the law school
- The University has had more than 100,000 donors every year dating back to 2007

Total Gifts and Private Grants
University of Washington; CP; Lease; Public Coll/Univ - Unlimited Student Fees

Primary Credit Analyst:
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Secondary Contact:
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Financial Profile
Related Criteria And Research
University of Washington; CP; Lease; Public Coll/Univ - Unlimited Student Fees

Credit Profile

US$161.255 mil gen rev rfdg bnds ser 2015B due 06/01/2030
Long Term Rating: AA+/Stable
New

US$48.08 mil gen rev bnds ser 2015A due 12/01/2044
Long Term Rating: AA+/Stable
New

University of Washington CP Program Notes due 06/30/2036
Short Term Rating: A-1+
Affirmed

Univ of Washington gen rev ser 2007
Unenhanced Rating: AA+(SPUR)/Stable
Affirmed

Rationale

Standard & Poor's Ratings Services revised its outlook to stable from positive on University of Washington's (UW) existing bonds. At the same time, Standard & Poor's assigned its 'AA+' long-term rating to UW's series 2015A (taxable) and 2015B general revenue and refunding bonds. Finally, Standard & Poor's affirmed its:

- 'AA+' long-term rating and underlying rating (SPUR) on UW's parity general revenue bonds;
- 'AA' long-term rating and SPUR on UW's existing debt, secured by student facility fees and lease revenues (though we expect the student facility fee debt to be refunded with this issuance); and
- 'A-1+' short-term rating on UW's commercial paper (CP) notes.

The outlook revision reflects our expectations that margins at UW Medicine will continue to be pressured going forward. While we believe margins will be positive, we believe they will be much more modest than the 4%-5% results we anticipated two years ago. The outlook revision also reflects the continued uncertainty and variability in state appropriations and legislative actions. The overall demand and financial operations of the university remain strong and in line with similarly rated credits and we believe the university has upward rating potential in the longer term, but in our opinion, its rate of change during the past two years has not warranted a raised rating.

Bond proceeds from the approximately $213 million series 2015A&B general revenue and refunding bonds are expected to fund the purchase of the university's leasehold interest in the Cobb building, repay $8.5 million currently outstanding on a line of credit, and refund various outstanding debt, including the possibility of a portion of the series 2005 student fee revenue bonds, 2006 TSB revenue bonds, and 2007 general revenue bonds. The 'AA+' rating on the series 2015A&B bonds reflects identical security and provisions as the university's other general revenue bonds, including a pledge of unrestricted revenues such as tuition and fees, grant and contract indirect costs, auxiliary system and patient services, and gains and losses. These bonds do not carry a coverage covenant, debt service reserve...
requirement, or additional bonds test.

The 'AA+' long-term unlimited student fee rating reflects our view of the university's:

- Position as one of the nation's top research universities, with an estimated $1.385 billion in federal and nonfederal grant and contract awards in fiscal 2014;
- Diverse revenue base, including health care revenues (28% of 2014 revenues) and state appropriations (5.9% of revenues) from the state of Washington ('AA+/Stable' GO rating);
- Manageable 3.56% pro forma maximum annual debt service (MADS) burden;
- Impressive fundraising efforts and a healthy endowment with an estimated market value of $3.1 billion as of Sept. 30, 2014; and
- Solid enrollment and demand.

Partly offsetting credit factors, in our opinion, are the university's:

- Breakeven operating results;
- Adequate financial resources for the rating category, with 2014 unrestricted net assets (UNA) equal to 38.8% of expenses and 78.9% of pro forma debt; and
- Approximately $176 million of approved additional debt plans during the next four years.

The 'A-1+' short-term rating on the CP ($250 million authorized amount) reflects our view of the university's general credit strengths and ability and experience to manage its own liquidity. In our view, the university demonstrates sufficient liquid assets of high credit quality to cover any unsuccessful CP rollovers. The university had $92.5 million of CP outstanding as of Jan. 2, 2015. The university expects to pay off $42.5 million of its outstanding CP with the series 2015A&B bonds.

Standard & Poor's rates the university's lease revenue bonds outstanding for biomedical research project I, II, and III ('AA+') and TSB Properties (AA), which collectively had $314 million of debt outstanding as of June 30, 2014. Lease payments are made from the university's general revenues and are treated similarly by university management. We make a rating distinction for the TSB Properties transaction because of the renewal nature of that lease. The biomedical research I and II properties' lease extends through the life of the bonds.

Securing the parity general revenue bonds is a pledge of general revenue, which comprises all non-appropriated revenue-excluding appropriations, grant direct costs, restricted gifts, some fees, and auxiliary revenues. The auxiliary system includes the University of Washington Medical Center, the parking system, the intercollegiate athletics system, and the housing and dining system. General revenue totaled an estimated $2.64 billion in fiscal 2014, including student tuition and fees ($734 million), grant indirect cost recovery ($243 million), sales and services revenue ($212 million), investment income ($40 million), and auxiliary and patient services revenue ($1.33 billion).

Outlook

The stable outlook reflects our expectation that, during the next two years, the university and UW Medicine will continue to post breakeven operating results, financial resource measures will steadily strengthen, demand and enrollment measures will remain solid, and total debt levels will remain flat.
A positive rating change could be considered in time with steady improvement to operating performance and balance sheet metrics that bring the university more in line with other 'AAA' rated credits or significant and persistent improvement to major sources of revenue. We do not consider a negative rating action likely during the outlook period.

Enterprise Profile

University overview
The University of Washington was founded in 1861 in Seattle and has two additional campuses, in Tacoma and Bothell. The university offers a variety of undergraduate, graduate, postgraduate, and professional degrees in addition to operating the University Medical Center, a 23-branch library system, and a transportation system.

Management
The university is governed by a 10-member board of regents and managed by president Michael K. Young, who joined the university in 2011. Overall, the management team has been in place for several years, which we believe lends stability to the credit profile. The university uses a 10-year strategic capital plan, which it updates regularly and presents to the board on an annual basis. Furthermore, the regents review and approve all capital projects. In our view, the culture of planning regarding debt issuance allows for a certain degree of predictability. The university recently started using a formalized financial modeling tool that it believes will further strengthen the university's risk management efforts and planning and forecasting abilities.

Demand and enrollment
As a flagship university in the state of Washington, UW's credit profile benefits from its healthy and stable demand and enrollment. Headcount enrollment continues to increase modestly, with 3% growth in fall 2014 to 54,670. Management expects demand and enrollment to increase slightly again for fall 2015, in line with the historical trend. Full-time equivalent (FTE) enrollment also rose 2.8% to 54,857 in fall 2014. UW has effectively capped enrollment at its main campus, although there is room for expansion at the two smaller branch campuses (4,963 headcount at Bothell and 4,494 headcount at Tacoma for fall 2014). While the university has several graduate programs, the school is still primarily undergraduate, with approximately 72% of the student body comprising undergraduate students. Although the university draws students from across the nation, it is still largely regional, with approximately 75% of students coming from the state, which is consistent with its mission to educate Washingtonians. First-year applications grew 4.5% for fall 2014 to a high 35,382. The acceptance rate held steady at 58% for fall 2014. The matriculation rate has weakened slightly the past few years, but we still consider it good at 36% for fall 2014. Student quality is also good, in our view, with average fall 2014 SAT scores of 1200. The retention rate is strong at 92%, and the six-year graduation rate is approximately 82%.

State appropriations and tuition
State support increased 20% for the 2013-2015 biennium, following substantial cuts in the 2009-2011 and 2011-2013 bienniums. Although no decision has been made for the 2015-2017 biennium, the state asked the university to identify potential areas for reduction -- up to 15% of maintenance-level general fund costs -- and we believe it is unlikely that appropriation increases will continue in pace with the previous biennium. Additionally, appropriations will be
dependent on the outcome of numerous tax approvals, and gubernatorial proposals in addition to the general economic performance of the state, which increases the uncertainty of funding.

As part of the state's 2011-2013 biennium budget, the legislature granted complete tuition-setting authority to the state's four-year universities for the next four years, which we consider to be a credit positive. This legislation provided UW with additional tuition flexibility although the university agreed to keep tuition flat for fall 2014 and 2015 as state support increased. We consider the state's variability in support to be a credit risk but do recognize state appropriations are only a small portion of the university's total revenue.

**Financial Profile**

**Operating performance**

University revenue sources (adjusted) remain diversified, which we view as a credit strength. In fiscal 2014, total adjusted revenue included 28.6% from grants and contracts, 27.9% from patient services (excluding Valley Medical Center and Northwest Hospital), 24.7% from net tuition and student fees, and only 5.9% from state operating appropriations. The university's large research base was essentially flat after adjusting for the effects of sequestration, with $1.24 billion in awards for fiscal 2013 and an estimated $1.39 billion for fiscal 2014, though total research expenditures declined to $1.27 billion in fiscal 2014 from $1.31 billion in 2013. Approximately 78% of grants and contracts came from federal sources, with medicine being the biggest driver of research. The university is consistently among the nation's top university recipients for research grants and contracts each year. Based on the constrained federal funding outlook, we expect research to remain flat or grow modestly although we expect grant and research funding for the university will remain strong in the long term.

UW's audited income before other revenues, for the fiscal year ended June 30, 2014, was $388 million, with $308 million of depreciation expenses and $481 million of investment income (net of investment expense). We believe this surplus is attributable largely to the strong investment returns for the year. Because UW holds investments at the university level instead of with a separate foundation, investment gains and losses can significantly affect UW's annual operating results. Consequently, we estimate operating performance by removing non-operating revenues ($42 million in 2014) and endowment investment income ($379 million) and adding the annual endowment distribution ($117 million), which resulted in estimated operating performance of $85 million in fiscal 2014, $141 million in fiscal 2013, and $73 million in fiscal 2012. We expect roughly similar results for fiscal 2015 as well.

**UW Medicine**

UW Medicine's financial operations are consolidated into the university's audit. UW Medicine is a significant operating component of the overall university, representing 27.9% of fiscal 2014 operating revenues.

UW Medicine includes:

- University of Washington School of Medicine;
- Harborview Medical Center (413 beds, owned by King County and managed by UW Medicine but not included in financials);
- The University of Washington Medical Center (450 beds);
- Northwest Hospital and Medical Center (281 beds);
University of Washington; CP; Lease; Public Coll/Univ - Unlimited Student Fees

- Valley Medical Center (303 beds);
- University of Washington Physicians;
- University of Washington Neighborhood Clinics (nine primary care clinics with a 10th to open in 2015); and
- AirLift Northwest.

Along with Fred Hutchinson Cancer Research Center and Children's Hospital, UW Medicine also has a one-third ownership interest in the Seattle Cancer Care Alliance; while the university and Seattle Children's each has one-half ownership interest in the Children's University Medical Group. Additionally, it maintains strategic collaborations with Peace Health and Capital Medical and is actively seeking other ways to plan for ACO/ACN implementation.

UW Medicine is a leading health care provider throughout Washington. UW Medicine, through the School of Medicine faculty practice plans (UW Physicians), has approximately 2,000 employed faculty physicians and other health care providers practicing across a broad range of specialties. Key services include cardiology, trauma, oncology, transplants, and a broad array of adult and pediatric medical and surgical specialty and subspecialty services.

UW Medicine reported an improvement in many of its utilization statistics in fiscal 2014. UW Medicine saw increases to admissions, patient days, emergency and specialty care visits, solid organ transplants and NICU admissions during the year. In our opinion, the payor mix is balanced at 49% commercial, 32% Medicare, 17% Medicaid, and 1% self-pay for fiscal 2014, which allows for predictable revenues for the health system.

UW Medicine's financial operations have been generally positive and peaked in fiscal 2010 with a 6.7% combined margin. Recent years have been closer to breakeven with a 0.4% margin posted in fiscal 2014 following a (0.2%) margin in 2013 and 3.1% margin in 2012. Management has not provided any projections going forward, but we expect operating performance will be closer to breakeven and will not return to the 4%-6% margins seen previously. Days cash on hand was a modest 101.5 days as of June 30, 2014.

Endowment

UW's consolidated endowment fund was approximately $2.8 billion as of June 30, 2014. The endowment returned 15.8% for fiscal year 2014. The portfolio is diverse, in our opinion, with approximately 54% invested in emerging and developed market equities, 18% absolute returns, 11% private equity, 8% fixed income, 7% real assets, and 2% in opportunistic as of Sept. 30, 2014.

The university utilizes an endowment spending formula of a 4% of the endowment's five year average market value for program distribution to operations and 1% of the endowment's five-year average market value for administrative fees. Total endowment distribution in fiscal 2014 was approximately $117 million, which is equivalent to only 2.5% of total university revenues for the year.

Debt and financial resources

As of Jan. 2, 2015 (prior to the issuance of the series 2015A&B bonds), the university had nearly $2.2 billion of debt outstanding, including:

- $1.44 billion of general revenue and auxiliary revenue bonds;
- $297.7 million of lease revenue bonds;
- $171.3 million issued and secured by the state of Washington;
- $169.2 million issued and secured by affiliated medical centers;
$92.5 million of CP; and
$24.5 million of equipment leases and other.

Following the issuance of the series 2015A&B bonds, pro forma debt, excluding component units Valley Hospital and Northwest Hospital, will be approximately $2.204 billion. Total university net assets were $6.6 billion in 2014, $1.7 billion of which was unrestricted. Financial resources are adequate for the rating with UNA equal to 38.8% of adjusted operating expenses ($4.476 billion in fiscal 2014) and 78.9% of pro forma debt, which includes $92.5 million of outstanding CP ($250 million authorized). We expect resources to improve compared with debt over time, as UW anticipates that total pro forma debt will remain flat for the next several years. We understand the university plans to issue approximately $176 million of additional general revenue bond debt within the next few years, including approximately $80 million in fiscal 2016, but that its issuance will be staggered and that, in conjunction with amortizing principal, total debt is expected to remain level for the next four years, pending additional authorization of projects by the Board of Regents.

General revenue bonds
Beginning in fiscal 2007, the university migrated to a general revenue bond structure, which pledged university "general revenues", including all non-appropriated revenues except for state appropriations, grant direct costs, restricted gifts, some fees, and auxiliary revenues. Since that time, the university has continued to issue all debt through this much broader general revenue pledge, which we have rated 'AA+'. In addition, beginning in fiscal 2009, the university strengthened its general revenue bond pledge more by adding auxiliary revenues to it (any outstanding revenue bond obligations have prior claim on net auxiliary revenues). For fiscal 2014, general revenues equaled an estimated $2.645 billion.

Student facilities fee revenue bonds
The series 2005 student facilities fee revenue bonds (AA+/Stable) had $37.1 million outstanding as of June 30, 2014. A pledge of the student facilities fees at the Seattle campus secure the bonds. Cash receipts of this fee in fiscal 2014 totaled $28.6 million, which covered debt service on the bonds and internal lending program by 2.5x. Although this is a decrease from 4.9x in fiscal 2012 (due to increases in the internal lending program amount), it is still adequate in our view. Because of the broad nature of this pledge, we rate these bonds at the same level as the university's GRB (unlimited student fee equivalent) security. We expect the series 2005 bonds will be completely refunded by the series 2015B bonds.

Lease revenue bonds
Standard & Poor's rates the university's lease revenue bonds outstanding for biomedical research project I, II, and III and TSB Properties (which collectively had $314 million outstanding as of June 30, 2014). The lease revenue bonds benefit from strong lease provisions and credit strengths that include no appropriation, construction, or abatement risk. Lease payments are made from the university's general revenues and are treated similarly by university management. We make a rating distinction for the TSB Properties transaction because of the renewal nature of that lease. The biomedical research I and II properties' lease extends through the life of the bonds. We expect the series 2006 bonds (TSB properties) will be completely refunded by the series 2015B bonds.
Commercial paper

The University Board of Regents' CP program is authorized for an aggregate principal amount not to exceed $250 million. As of Jan. 2, 2015, $92.5 million in CP was outstanding. Payment for principal and interest is payable from general revenues. We expect $42.5 million of CP will be paid off by the series 2015A bonds.

Table 1

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>54,670</td>
<td>53,072</td>
<td>51,576</td>
<td>50,745</td>
<td>49,940</td>
<td>35,330</td>
<td>45,038</td>
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<tr>
<td>Full-time equivalent</td>
<td>54,857</td>
<td>53,380</td>
<td>51,399</td>
<td>50,579</td>
<td>49,238</td>
<td>30,807</td>
<td>40,814</td>
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<tr>
<td>Freshman acceptance rate (%)</td>
<td>58.0</td>
<td>57.8</td>
<td>61.1</td>
<td>60.2</td>
<td>58.4</td>
<td>67.1</td>
<td>33.1</td>
<td></td>
<td></td>
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<tr>
<td>Freshman matriculation rate (%)</td>
<td>36.2</td>
<td>37.0</td>
<td>38.2</td>
<td>39.6</td>
<td>41.5</td>
<td>38.0</td>
<td>44.0</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Graduates as a % of total enrollment (%)</td>
<td>71.9</td>
<td>71.4</td>
<td>71.3</td>
<td>71.3</td>
<td>71.3</td>
<td>77.5</td>
<td>69.1</td>
<td></td>
<td></td>
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<tr>
<td>Freshman retention (%)</td>
<td>92.0</td>
<td>91.0</td>
<td>91.0</td>
<td>92.0</td>
<td>93.0</td>
<td>84.0</td>
<td>97.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduation rates (five years) (%)</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>75.1</td>
<td>76.2</td>
<td>55.2</td>
<td>89.1</td>
<td></td>
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</tr>
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</table>

Income statement

| Adjusted operating revenue ($000s) | N.A. | 4,457,780 | 4,257,928 | 3,971,199 | 3,913,308 | MNR | MNR |
| Adjusted operating expense ($000s) | N.A. | 4,475,911 | 4,178,349 | 3,952,207 | 3,812,244 | MNR | MNR |
| Net adjusted operating income ($000s) | N.A. | (18,131) | 79,579 | 18,892 | 101,064 | MNR | MNR |
| Estimated operating gain/loss before depreciation ($000s) | N.A. | 290,059 | 359,678 | 261,921 | 344,702 | MNR | MNR |
| Change in unrestricted net assets (UNA; $000s) | N.A. | 139,716 | 247,994 | (15,905) | 203,872 | MNR | MNR |
| State operating appropriations ($000s) | N.A. | 262,146 | 218,165 | 218,343 | 296,789 | MNR | MNR |
| State appropriations to revenue (%) | N.A. | 5.9 | 5.1 | 5.5 | 7.6 | 21.4 | 8.2 |
| Student dependence (%) | N.A. | 24.7 | 23.3 | 21.2 | 19.1 | MNR | MNR |
| Healthcare operations dependence (%) | N.A. | 27.9 | 28.0 | 28.4 | 27.8 | MNR | MNR |
| Research dependence (%) | N.A. | N.A. | N.A. | N.A. | N.A. | MNR | MNR |
| Endowment and investment income dependence (%) | N.A. | N.A. | N.A. | N.A. | N.A. | MNR | MNR |

Debt

| Outstanding debt ($000s) | N.A. | 2,403,755 | 1,914,412 | 1,639,666 | 1,451,436 | 627,000 | 1,637,000 |
| Proposed debt ($000s) | N.A. | 48,000 | N.A. | N.A. | N.A. | MNR | MNR |
| Total pro forma debt ($000s) | N.A. | 2,204,147 | N.A. | N.A. | N.A. | MNR | MNR |
Table 1

<table>
<thead>
<tr>
<th>University of Washington (cont.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro forma MADS</td>
</tr>
<tr>
<td>Current debt service burden (%)</td>
</tr>
<tr>
<td>Current MADS burden (%)</td>
</tr>
<tr>
<td>Pro forma MADS burden (%)</td>
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</table>

<table>
<thead>
<tr>
<th>Financial resource ratios</th>
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<tbody>
<tr>
<td>Endowment market value ($000s)</td>
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<tr>
<td>Related foundation market value ($000s)</td>
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<tr>
<td>Cash and investments ($000s)</td>
</tr>
<tr>
<td>UNA ($000s)</td>
</tr>
<tr>
<td>Adjusted UNA ($000s)</td>
</tr>
<tr>
<td>Cash and investments to operations (%)</td>
</tr>
<tr>
<td>Cash and investments to debt (%)</td>
</tr>
<tr>
<td>Cash and investments to pro forma debt (%)</td>
</tr>
<tr>
<td>Adjusted UNA to operations (%)</td>
</tr>
<tr>
<td>Adjusted UNA plus debt service reserve to debt (%)</td>
</tr>
<tr>
<td>Adjusted UNA plus debt service reserve to pro forma debt (%)</td>
</tr>
<tr>
<td>Average age of plant (years)</td>
</tr>
</tbody>
</table>


Related Criteria And Research

Related Criteria
- USPF Criteria: Federal Leases, June 18, 2007

Related Research
Standard & Poor's Reclassifies 157 U.S. Public Universities; They Are No Longer Government-Related Entities, Dec. 5, 2014

Ratings Detail (As Of January 15, 2015)
### Ratings Detail (As Of January 15, 2015) (cont.)

<table>
<thead>
<tr>
<th>Issuer and Description</th>
<th>Rating Type</th>
<th>Rating</th>
<th>Affirmation</th>
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<tr>
<td>University of Washington gen rev bnds</td>
<td>Long Term Rating</td>
<td>AA+/Stable</td>
<td>Affirmed</td>
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<tr>
<td>University of Washington gen rev &amp; rfdg bnds</td>
<td>Long Term Rating</td>
<td>AA+/Stable</td>
<td>Affirmed</td>
</tr>
<tr>
<td>University of Washington gen rev bnds ser 2008</td>
<td>Long Term Rating</td>
<td>AA+/Stable</td>
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<tr>
<td>University of Washington stud fac fee rev bnds ser 2005, 2000 (FSA)</td>
<td>Unenhanced Rating</td>
<td>AA+(SPUR)/Stable</td>
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<tr>
<td>TSB Properties, Washington</td>
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<td>TSB Properties (Univ of Washington) Ise rev bnds ser 2006</td>
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<td>AA(SPUR)/Stable</td>
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<tr>
<td>Washington Biomedical Research Facilities 3, Washington</td>
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<td>Washington Biomedical Properties 3.1 (University of Washington) Ise</td>
<td>Long Term Rating</td>
<td>AA+/Stable</td>
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<td>Washington Econ Dev Fin Auth, Washington</td>
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<tr>
<td>Washington Econ Dev Fin Auth (University of Washington) Ise rev rfdg bnds ser 2013</td>
<td>Long Term Rating</td>
<td>AA+/Stable</td>
<td>Affirmed</td>
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<tr>
<td>Washington Econ Dev Fin Auth Ise ser 2004</td>
<td>Unenhanced Rating</td>
<td>AA+(SPUR)/Stable</td>
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<tr>
<td>Washington Econ Dev Fin Auth (University of Washington) Ise rev bnds ser 2004A</td>
<td>Unenhanced Rating</td>
<td>AA+(SPUR)/Stable</td>
<td>Affirmed</td>
</tr>
</tbody>
</table>

Many issues are enhanced by bond insurance.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Efficiency Item – Transforming Work in Housing & Food Services Through Process Improvement

INFORMATION ITEM

This item is for information only.

BACKGROUND

Over the past several years, the Communications and Marketing (ComMar) unit of the Department of Housing & Food Services (HFS) has transformed the way it works. Partnership with UW Organizational Excellence positioned ComMar to fully support the current and future needs of the organization.

HFS is a self-sustaining auxiliary engaged in a 10-year $850 million Housing Master Plan (HMP); when completed, it will add over 3,000 beds to the system. Within this context, the ComMar team provides services to all HFS units including development of communications and marketing strategic plans and production of a wide range of creative materials and communication tools, from posters and brochures to websites and social media campaigns.

Soon after HFS Executive Director Pamela Schreiber arrived in 2009, she articulated a vision for ComMar that involved increasing its capacity without adding staff. The vision included handling an expected increase in workload due to the HMP, evolving use of social and other new media in communications with students, as well as being nimble and responsive to project requests. As a newly formed unit located in two different buildings, the team faced several challenges.

Deborah Costar, HFS Assistant Director, leads the ComMar team. It was clear that the team would need to make significant changes to accomplish these objectives. Deborah engaged Jeanne Semura in UW Organizational Excellence as a consultant to assist. Anticipating the time required to make these changes and the need to better prioritize requests from other HFS units, Deborah enlisted the sponsorship of the HFS Executive Director, a key element of success.

Improvement was an iterative process; as initial revisions were made, other needed changes were discovered. The decision to improve a single process evolved into a more comprehensive overhaul of the team’s way of working.
B. Finance and Asset Management Committee

Efficiency Item: Transforming Work in Housing & Food Services Through Process Improvement (continued p. 2)

Because the entire ComMar team participated, they had ownership of the changes and staff morale increased.

ComMar’s role has evolved from a receiver of specific requests to that of consultant, guiding clients in the most effective ways of informing students and the campus community about HFS programs and services, so that they can take advantage of opportunities to enhance their experience. The changes have allowed ComMar to accommodate the additional work of the HMP, and its efforts are more impactful.

Attachment
Transforming Work in Housing & Food Services Through Process Improvement
TRANSFORMING WORK IN HOUSING & FOOD SERVICES THROUGH PROCESS IMPROVEMENT

Board of Regents
Finance and Asset Management Committee
July 9, 2015

Deborah Costar
Assistant Director for Communications and Marketing
Housing & Food Services
UW Housing & Food Services

• House over 7,000 students in 15 facilities on campus
• Serve approximately 30,000 customers daily
• Involve over 1,700 students in living-learning communities
• Provide catering, conferences and Husky Card I.D. services to the campus
• Implement the 2010–20 Housing Master Plan

HFS Communications and Marketing (ComMar) Team

• Support programmatic and revenue goals through services to all HFS units including Catering Services, Conference Services, Facilities Services, Human Resources, Husky Card, Information Technology, Residential Life, Student and Financial Services, and UW Dining

• The HFS Director’s Vision challenged ComMar to increase its capacity without adding staff:
  – Support additional workload required by the Housing Master Plan
  – Increase use of social and other new media to communicate with students
  – Enhance responsiveness to collaborations with other HFS units
How ComMar Reinvented Itself to Achieve the Director’s Vision

• Used process-improvement techniques to transform its work process

• Developed tools to manage work (e.g., visual boards, kanban boards)

• Used time savings to focus on complex, urgent and strategic work
Flowcharted Original ComMar Project Process

Identified Pain Points and Areas of Rework
Categorized Workflow by Project Complexity

- Identified four distinct types of processes based on the complexity of the work involved

- The process for handling each type of project and the staff involvement for each was documented
Key Process Enhancements and Outcomes

- Team member skills were better utilized, and ComMar’s capacity was enhanced, by delegating the process of assigning incoming project requests to managers.
- Additional time was made available to focus on more strategic work by eliminating managerial oversight of routine projects.
- Accountability was established and efficiency created through the development of the Project Lead role.
- Rework and time to complete projects were reduced through the implementation of kickoff meetings with appropriate staff, clients and other stakeholders.
- Weekly team meetings to review project progress were reduced from 60–90 minutes to zero minutes due to the implementation of visual boards and an online project management tool to track project progress—the time is now used for professional development and strategic planning.
Categorized Workflow by Project Complexity

Nov 2011  Identify challenges
Dec 2011  Define current process
Apr 2012  Elicit support of leadership
Jul 2012  Design new process
Mar 2013  Implement tools/visual boards
Ongoing  Reflect on changes

Evolve visual boards and other enhancements
Process Improvement Changes Allowed ComMar to Complete Work Associated with Housing Master Plan Projects

2010–Fall 2015

- Opened six new residence halls and two new apartment communities
- Expanded housing for graduate and professional students
- Moved 600+ students from Terry Hall to Lander Hall midyear
- Opened a grocery store, a full-service restaurant and a residential-dining venue
- Held demolition and grand opening events for alumni and campus
- Incorporated new amenities for students including a fitness center, Living-Learning Communities and a maker space (opening fall 2015)
- Moved HFS offices to the new Terry Hall
Development of Project Campaigns Created Efficiency and Effective Strategy

Before process improvement, all projects were treated separately. Now similar work in the project queue is clustered into campaigns, creating a cohesive strategy that has greater impact.

- **January–June 2011**
  
  270 total projects completed

- **January–June 2015**
  
  45% of 244 total projects completed were campaigns
Successfully Connecting Students and the Campus Community With HFS Services, Programs and the Husky Experience

• Digital Publication Promotes On-Campus Housing to Newly Admitted Students
  Identified an opportunity to communicate earlier with newly admitted students, collaborated with the HFS Student Services Office and HFS IT to develop the publication in a format that meets students’ needs, and coordinated distribution with Undergraduate Admissions

• Instagram Campaign Promotes Local Point
  The campaign was developed to engage students in this new residential-dining venue, which opened midyear after students’ eating habits were established
Successfully Connecting Students and Campus Community with HFS Services, Programs and the Husky Experience

Housing Demand Continues to Increase

<table>
<thead>
<tr>
<th>As of June 1</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate housing (9-month) demand based on as-built capacity</td>
<td>108.4%</td>
<td>110.5%</td>
<td>122.1%</td>
</tr>
<tr>
<td>Graduate housing (Mercer Court) units assigned for fall</td>
<td>38.2%</td>
<td>71.9%</td>
<td>99.6%</td>
</tr>
</tbody>
</table>
Client and Student Testimonials

“. . . I think one of the most positive things I’ve noticed are the quicker turnaround times and the internal communication within their unit, which both reduce the amount of time I need to spend communicating our needs and following up on job statuses.”

—HFS Student Services

“Thank you for the terrific work coming out of your area...the look and messaging has been the best I’ve ever seen in our department. Simply outstanding.”

—HFS Residential Life

“Living on campus at UW has defined so much of my college experience. The halls are so much more than a place to live. They are a place to learn, socialize and be involved in the community where you live. I have loved living in the halls, and I know the staff and administration really care about making the community better for students.”

—Emma T., Junior, Political Science

“The engineering community provides an academically focused environment where students of similar interests can collaborate in classes, extracurricular activities and internships/jobs. The community gives students extreme exposure to all that the engineering department offers on campus, and gets them thinking about research and jobs early.”

—Sean O., Engineering Living Learning Community Resident
TRANSFORMING ADMINISTRATION PROGRAM

ONE UNIVERSITY ADMINISTRATION, WITH A COMMON VISION, AN ENHANCED CULTURE OF SERVICE, AND A COMMITMENT TO CONTINUOUS IMPROVEMENT.

> UW has already gained significant efficiencies. But we can do more to...
  – be even more effective and efficient
  – serve students and faculty even better
  – further decrease administrative burden
  – employ more data-based decision-making
  – manage change more effectively

> Focus on excellence and quality of services, quick delivery, easy navigation.
TRANSFORMING ADMINISTRATION PROGRAM

WORK IS ALREADY UNDER WAY:

> An executive team (TAPteam) charged to oversee a systems-wide approach to transforming administration
> Bringing together organizational development staff (TAP’s OE Team) to manage change in enterprise-wide projects and serve as internal consultants to campus partners
> Surveying campus stakeholders on their views of what’s working, what drives them “crazy” and best practices
> Creating goals, principles and standards for all central administrative units
> Fostering a culture of continuous improvement
> Action plan for FY 15-16 to share at September meeting
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Amendments to Debt Management Policy

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents adopt the amended Debt Management Policy.

BACKGROUND

The Board of Regents approves policies that guide the operation of the Internal Lending Program and the management of the University’s external debt portfolio. Through delegation from the Board, the Treasury Office is responsible for managing the Internal Lending Program (ILP) and external debt portfolio.

POLICY AMENDMENTS

The University’s Debt Management Policy guides the University’s debt issuance and portfolio management activities, including the management of the ILP. The Debt Management Policy was first adopted on September 19, 2002 and was last revised on July 10, 2014.

In addition to various housekeeping items, there are three key amendments to the Debt Management Policy:

(1) Internal borrowers are required to meet and report on key financial ratios. Changes to this Policy clarify reporting responsibilities and identify requirements in the event loan covenants are not met;

(2) Responsibilities related to tax compliance were clarified (e.g. Private Use); and

(3) Core financial ratios will be based on relationship to peer institutions.

Attachment
Annotated Debt Management Policy – Statement of Objectives and Policies
University of Washington  
Debt Management Policy  
Statement of Objectives and Policies

Approved by the Board of Regents, September 19, 2002

Amended July 16, 2004; May 15, 2008; July 12, 2012; February 13, 2014; May 8, 2014; July 10, 2014; and July 9, 2015

Overview

This statement of objectives and policies addresses the University’s Internal Lending Program (“Program”) and the active management of the institution’s external debt portfolio.

The Internal Lending Program will make loans to internal borrowers at a uniform internal lending rate. These internal loans will be funded through the issuance of University General Revenue debt obligations and from University reserves.

The University’s internal loan portfolio will include the outstanding loans to internal borrowers, while the institution’s external debt portfolio will be comprised of the institution's outstanding short-term and long-term external debt obligations, and borrowing from University reserves. The external debt portfolio will be actively managed to reduce the institution's cost of capital and to achieve stability and predictability in the internal lending rate. Active management of the external debt portfolio will entail the use of risk-evaluated debt structures and debt management techniques to achieve the lowest risk-adjusted cost of capital consistent with market conditions and institutional credit considerations.

The management of the Internal Lending Program and the external debt portfolio will be performed in accordance with policies set forth in this document and University debt management guidelines.

The diagram below outlines the relationship between the University's internal borrowers, the Internal Lending Program, and the external debt market:
This statement of objectives and policies includes:

A. **Introduction.** Statement of overall objectives, management, and reporting.

B. **Internal Lending Program.** Description of Program scope, loan categories, internal lending rate, loan agreement, and Program fund.

C. **Debt portfolio management.** Description of external debt portfolio management objectives, institutional credit rating, core financial benchmarks, debt structure, refunding bonds, and financial derivatives.

D. **Roles and responsibilities.** Description of roles and responsibilities relating to the management of the Program and the University's external debt portfolio.

### A. Introduction

1. **Objectives.** The primary objectives of the Internal Lending Program and active management of the University's external debt portfolio are to provide internal borrowers with access to funds at more stable and predictable interest rates and to reduce the institution's risk-adjusted cost of capital.

2. **Management.** The Program and the University's external debt portfolio will be managed by the Treasury Office under authority granted to the President by the Board of Regents.
3. **Reporting.** A report on the Program and the University's external debt portfolio will be presented annually to the Finance and Asset Management Committee of the Board of Regents.

### B. Internal Lending Program

The Internal Lending Program will make funds available to internal borrowers at a uniform interest rate that reflects the University's cost of capital.

1. **Program scope.** The Program will encompass all institutional financing needs, except as noted below. Alternative arrangements for any other financing action will require the approval of the Board of Regents.

   **Financing actions exempted from participation in the Internal Lending Program:**

   a. Debt repaid from appropriated University local funds (e.g., debt supported by Metro Tract revenue)

   b. Debt issued by an external entity on behalf of the University (e.g., 63-20, public-private, conduit financings)

   c. Financings consisting solely of personal property

   d. Credit lines

2. **Loan Types.** Loan types for internal borrowing will include:

   a. **Large capital expenditures (above $15 million).** The approval of the Board of Regents will be required for capital expenditure loans exceeding $15 million. The maximum term of these loans will be 30 years (or the estimated useful life of the facilities).

   b. **Small capital expenditures (less than $15 million).** The approval of the President or his or her designee Treasurer of the Board of Regents will be required for capital expenditure loans up to $15 million. The maximum term of these loans will be 15 years (or the estimated useful life of the facilities).

   c. **Operating loans.** Short-term working capital loans up to $25 million and with a maximum term of two years will be available. Operating loans up to $15 million will require the approval of the Treasurer of the Board of Regents.

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**Alignment with delegation authority**
Operating loans exceeding $15 million will require the approval of the Board of Regents. An additional 200 basis points (2.0 percent) above the prevailing internal lending rate will be charged on outstanding balances and a commitment fee of 10 basis points (0.10 percent) will be charged on any unused balance. The aggregate total of operating loan commitments will not exceed 30 percent of the University’s commercial paper line of credit without the approval of the Treasurer of the Board of Regents.

3. Internal lending rate. An internal lending rate will be uniformly applied to all loans approved after Program implementation. The rate will reflect the external debt portfolio’s weighted average interest rate and will include funding for Program operating costs and a rate stabilization account.

   a. Rate adjustment. The internal lending rate will be reviewed annually and will be subject to adjustment by the Board of Regents. Any adjustment will comply with Program fund policies described in this document. Any preliminary indication of a rate increase adjustment will be announced to Program participants twelve months in advance of the effective date of the increase adjustment. Any formal proposal for a final rate adjustment will be announced to Program participants six months in advance of the effective date of the adjustment and updated internal repayment schedules reflecting the new rate will be distributed to Program participants within 45 days of this announcement.

   b. Application. Adjustments to the internal lending rate will apply to all Program debt, including outstanding debt obligations incurred prior to Program implementation.

4. Program fund policies. Payments to the Internal Lending Program will be made monthly and held in a Program fund. External debt service payments will be made from the Program fund and all interest earnings will be retained in the Program fund. The Program fund will be managed according to the policies set forth below. Exceptions to these policies will require the approval of the Board of Regents.

   a. Operating level. The Program fund will be maintained at a level that enables the University to meet its Program obligations, including Program operating costs, debt portfolio management expenses, principal and interest on
external debt, and a rate stabilization account maintained as described below. An accounting of Program fund activities will be included in the Debt Management annual Program report to the Board of Regents.

b. Rate stabilization account (RSA). The rate stabilization account will be managed to preserve the stability of the internal lending rate after considering forecasted external borrowing, changes in financial market conditions, and Program operating requirements.

c. Program operating expenses. Program operating expenses, including the costs of staffing, facilities, equipment, supplies, and fees, will be paid from the Program fund.

d. Loans funded from reserves. Program reserves may be used to fund internal loans.

e. Debt portfolio management expenses. Expenses associated with actively managing the University’s external debt portfolio, including the costs of debt issuance, loan restructuring, and financial derivative transactions, will be paid from the Program fund.

f. Other University purposes. Withdrawals from the Program fund for University purposes other than those described in this section, will require the approval of the Board of Regents. A list of Program fund withdrawals will be included in the annual Program report to the Board of Regents.

5. Internal financing agreement. An internal financing agreement describing the loan structure and repayment terms will be required for all loans. The loan agreement may also include the following:

a. Borrower’s financial condition and performance. Specific operating benchmarks to be achieved and/or maintained by the borrower during the term of the loan, which could include cash reserve targets and/or a plan of remediation for failure to comply with loan covenants.

b. Reporting. Annual reviews and/or audits of the borrower’s financial condition and performance, including identification of any changes in, or other factors relating to, facility occupancy or facility/equipment use that could affect the tax-related status of University debt.
5. Internal Borrower Responsibilities.
   
a. **Agreement.** Borrowers will be required to enter into an internal financing agreement for all loans describing the loan structure and repayment terms.

b. **Reporting.** Annual reviews and/or audits of financial condition and performance will be provided by the borrower.

c. **Loan covenants.** Loan covenants may include specific operating benchmarks to be achieved and/or maintained by the borrower during the term of the loan, which could include cash reserve targets and/or debt coverage, among others. Failure to comply with loan covenants will require the following actions by the borrower:

   i. Borrower must present a mitigation plan for approval by the Board during the October Board meeting (unless otherwise determined); and

   ii. Periodic reviews will be conducted to measure progress and compliance with mitigation plan.

C. Debt Portfolio Management

The University's external debt portfolio will be actively managed to maintain the stability of the internal lending rate and to minimize the University's risk-adjusted cost of capital over the long term. The University will use short-term and long-term fixed and variable interest rate debt obligations, bond refundings, and financial derivatives to achieve this goal within the following guidelines:

1. **Objective.** The objective of actively managing the University's external debt portfolio will be to achieve the lowest risk-adjusted cost of capital consistent with market conditions and credit rating parameters set forth below. Active management decisions will take into consideration relevant risks and terms that include, but are not limited to, market conditions, bond refunding savings, call options, variable interest rate bond remarketing and auction expenses, and liquidity, tax, and counterparty risks.
2. **Portfolio Credit Standard.** The University will manage its external debt portfolio to maintain a minimum “A” category credit rating on its General Revenue obligations as evaluated by Moody's Investors Service and Standard & Poor's rating agencies.

3. **Debt structure.** The University may issue fixed-rate, variable-rate (up to 20 percent of the external debt portfolio), non-amortizing, and other forms of short-term and long-term debt to achieve its external debt portfolio management objectives.

4. **Refunding bonds.** The University may issue current and advance refunding bonds to lower or maintain the University's cost of capital over time. Refunding bonds will be issued to capture economic benefit and to restructure the debt portfolio in order to achieve longer-term strategic objectives.

5. **Financial derivatives.** The University may enter into financial derivative transactions to manage the institution's exposure to interest rate risk, reduce all-in borrowing costs of the external debt portfolio, and/or to manage other risks of the external debt portfolio that could adversely affect the internal lending rate or the Internal Lending Program. The University will enter into financial derivative transactions following guidelines in the University's Interest Rate Swap Policy. The University will not enter into financial derivative transactions for speculative purposes.

6. **Private Use.** At least every five years, the University will identify any changes in, or other factors relating to, facility occupancy or facility/equipment use that could affect the tax-related status of University debt.

7. **Core financial ratios.** The University will use the following core financial ratios as performance benchmarks to evaluate institutional debt capacity as compared to a public higher education peer group. These ratios will be calculated and reported annually.

   a. **Expendable resources-to-debt.** Target range: 1.5—3.0 times. This balance sheet ratio measures the availability of unrestricted funds to cover all outstanding debt.

   \[
   \text{Expendable Financial Resources}^* \div \text{Direct University Debt}
   \]

---

**Consistency in formatting**

**Defines responsibilities for tax compliance**

**Financial comparisons will be based on relationship to peers**
b. **Debt service-to-operations.** Target range: **2.5% – 5.0%.** This statement-of-activities ratio measures the level of debt service on all outstanding debt as a percentage of overall operating expenses. (For non-amortizing bonds, principal will be assumed to be repaid in equal annual amounts).

\[
\frac{\text{Peak Annual Debt Service}^*}{\text{Total Operating Expenses}}
\]

(*As defined by Moody's Investors Service)

<table>
<thead>
<tr>
<th>Financial comparisons will be based on relationship to peers</th>
</tr>
</thead>
</table>

| Adds key financial ratio |

<table>
<thead>
<tr>
<th>D. Roles and Responsibilities</th>
</tr>
</thead>
</table>

1. Board of Regents

   a. Approves policies that guide the operation of the Internal Lending Program and the management of the University's external debt portfolio

   b. Approves the annual bond resolution for the issuance of external debt and internal borrowing

   c. Approves financing plans for loans above $15 million

   d. Delegates to the President or his or her designee the authority to enter into agreements to complete debt financing transactions up to $15 million

   e. Approves exemptions of eligible financing transactions from participation in the Internal Lending Program

   f. Approves the adjustment of the internal lending rate

   g. Approves exceptions to Program fund policies

| Alignment with delegation authority |

---

F–6.1/207-15
7/9/15
h. Approves withdrawals from the Program fund for University purposes other than those described in Sections B.4.c, B.4.d and B.4.e above

i. Approves increases in the size of the commercial paper program

2. Finance and Asset Management Committee

a. Recommends proposed financing actions to the Board of Regents

b. Receives annual reports on the Internal Lending Program and the University's external debt portfolio

3. President

a. Delegates authority to enter into agreements to complete debt financing transactions

b. Delegates authority to approve loans up to $15 million

4. Treasurer of the Board of Regents

a. Reviews all financing actions

b. Approves loans up to $15 million (as delegated)

c. Approves aggregate operating loan commitments that exceed 30 percent of the University's commercial paper line of credit

d. Approves the selection of bond counsel, financial advisor, and other financial services providers

5. Senior Associate Treasurer

a. Oversees the day-to-day activities of the University’s Internal Lending Program and external debt portfolio

b. Consults with the Attorney General’s Office in the selection of bond counsel
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

University of Washington Investment Program (UWINCO) Proposed Changes

INFORMATION ITEM

This item is for information only. Establishment of an internal investment management company is under consideration and will be comparable to the path taken by many peer institutions. Under the new structure, the current UWINCO advisory committee will be replaced by an investment company advisory board. With the concurrence of the Board of Regents following the discussion, a recommendation will be presented at the September 2015 Board meeting.

The recommendation to the Board of Regents will be to approve the creation of the internal investment management company. The recommendation will include proposed amendments to the following Board of Regents documents:

- Board of Regents Governance, Standing Orders, Chapter 4 Advisory Committees of the Board of Regents
- Board of Regents Governance, Standing Orders, Chapter 10 (new), Bylaws for the University of Washington Investment Board
- Statement of Investment Objectives and Policy for the Consolidated Endowment Fund: Section N Delegations
- Statement of Investment Objectives and Policy for the Invested Funds: Section G Delegations
- Statement of Investment Objectives and Policy for Deferred Assets and Other Gift Assets: Section G Delegations

Attachment
University of Washington Investment Program: Governance Discussion
UNIVERSITY OF WASHINGTON INVESTMENT PROGRAM:
GOVERNANCE DISCUSSION

What assets are included in the UW’s investment program?
The UW investment office manages $4.6 billion consisting of the $3.0 billion endowment (“Consolidated Endowment Fund” or CEF) and the $1.6 billion operating funds (“Invested Funds” or IF).

What role does the Board of Regents play in the management of the UW’s investment program?
The Board of Regents is vested by statute with responsibility for the management of the properties of the UW including its endowment and operating funds. The Regents delegated oversight of the investment program to its Finance and Asset Management Committee (FAM).

The continuing role of the Board of Regents in the management of the investment program consists of the following: 1) setting the investment policy which includes the strategic asset allocation and the endowment spending rate; 2) appointing investment officers and advisors which includes the CIO, UWINCO members and the lead external investment consultant; and 3) providing fiduciary oversight over the investment program within the guidelines set by the investment policies. The UW investment program governance roles are detailed in Attachment A.

What is the history of the UW’s investment program? How has it changed over time?
Similar to peers, UW’s investment program has evolved in size and sophistication. Over the past twenty-five years the CEF grew more than tenfold to over $3 billion today. The growth reflects the success of the UW’s investment and fund raising efforts. The growth of the UW itself is reflected in higher operating fund balances – from $150 million twenty-five years ago to over $1.6 billion today.

Over half of the growth in the CEF occurred over the last decade during which time its asset allocation grew increasingly complex. From a fund invested simply in domestic stocks (60%) and domestic bonds (40%) in the early 1990’s, the CEF today is invested in a sophisticated mix of global stocks and bonds, private equity, real assets, and hedge funds.

In the late 1990’s the Board of Regents recognized the need for a higher level of oversight than it could provide. This led to the formation of the University of Washington Investment Committee (UWINCO) in 2001 that drew upon outside investment expertise. UWINCO is comprised of both Regent and non-Regent members. Non-Regent members are investment professionals whose global investment expertise brings added perspective to the investment process at the UW. The President of the University serves as an ex officio member. Creation of a professional staff solely focused on investments began in 2004 with the appointment of the UW’s first Chief Investment Officer (CIO). Each of these milestones represented an evolution in the program’s governance structure which is highlighted in Attachment B.
What change is recommended?
With the concurrence of the Board of Regents following the discussion at the July 2015 Board of Regents meeting, a recommendation will be presented at the September 2015 Board of Regents meeting to establish an internal investment management company within the existing framework of the UW. Under the new structure, the current UWINCO advisory committee will be replaced by an investment company advisory board.

Why look at investment program governance now?
Two factors provided the impetus to take a close look at governance of the investment program and to review best practices among peer endowments: 1) the ever increasing complexity of the capital markets and 2) the significant growth of the CEF along with its importance as a funding source for the UW’s academic programs.

Does this change reflect “best practices” in endowment management?
Over half of the public institutions in the top fifty colleges and universities have either adopted an investment management structure or created a separate foundation. Examples include: University of Virginia Investment Management Company, University of Texas Investment Management Company, University of North Carolina Management Company, UCLA Investment Company, and Berkeley Endowment Management Company. Several private universities have also set up internal management company structures including Stanford Management Company, Duke Management Company, Columbia Investment Management Company, and MIT Investment Management Company. While the impetus for change varies from one institution to the next, the recognition of a stronger governance structure to address the challenges of increasing capital market complexity and volatility is common to all.

What are the advantages of an internal management company?
The key objective in moving to an investment management company structure is to ensure continuing strong investment performance. Distributions from endowed programs provide an increasingly important source of funding for UW programs and this trend will continue into the future. The advantages of the internal investment management company itself are threefold:

1. Oversight: Program stewardship will be strengthened through the addition of new UWINCO Board members with expertise that complements existing membership. While the asset classes held by the CEF are represented in nearly all institutional portfolios today, the CEF is distinguished from peer institutions by its high allocation to emerging markets – a reflection of the strong belief of the investment team in the long term growth opportunity. The emerging markets focus ensures that the pattern of future growth will be volatile and furthers the need for a more sophisticated governance structure to ride out the inevitable storms.

2. Stability: A leading characteristic of long-term successful endowments is very low turnover among the professional investment staff and UWINCO Board members. Strengthening the governance structure facilitates communication with the administration and the Board of Regents – an important consideration given the distinctive and volatile asset allocation of the CEF. In so doing, disruptions from either the capital markets or from within the university itself will be minimized.

3. Access: “Branding” the program will facilitate access to “best-in-class” investment managers plus the recruitment of high quality professional staff and market savvy UWINCO Board members.
**What will actually change?**
The investment program will have a more distinct identity which will facilitate access to top tier investment managers and enhance recruitment of both professional investment staff and investment board members. The *UWINCO Board* will play a larger role in the administration of the investment program including oversight of all professional staff compensation. The CIO will be accountable to the *UWINCO Board* as well as the *Board of Regents* and report to the *President of the University* on administrative matters. The *UWINCO Board* will advise the *President of the University* on CIO compensation and other administrative matters. Attachments A and C highlight these proposed investment program changes and compare program structures over the past fifteen years.

**What will not change?**
The *Board of Regents’* current authorities and governance role described above will remain the same. The *UWINCO Board* will be advisory to the *Board of Regents* as is the current UWINCO committee. Its primary focus remains the rendering of advice on the UW’s investment portfolios. All investments will continue to be held in the UW’s name. There is no intention by the investment team to manage outside money. Since the *UWINCO Board* remains advisory, the quarterly meetings remain exempt from the requirements of the open public meetings act. Other *State of Washington* requirements, including public disclosure of documents pertaining to investments and procurement laws are applicable under the revised governance structure.

**What is the timing to implement the change?**
A recommendation will be presented to the *Board of Regents* at its September 2015 meeting. The change requires a revision to the investment policies along with other administrative documents. If the *Board of Regents* approves the recommendation, the new structure goes into effect immediately. The investment team will approach current and prospective managers as members of the *University of Washington Investment Management Company* and thereby begin the rebranding process. The search for new *UWINCO Board* members will commence with the goal of adding up to two new members during fiscal year 2016.
Attachment A: UW Investment Governance Roles

<table>
<thead>
<tr>
<th>Board of Regents</th>
<th>UWINCO Advisory Board</th>
<th>Chief Investment Officer (CIO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sets Investment Policy</td>
<td>Advises CIO</td>
<td>Implements Investment Program</td>
</tr>
<tr>
<td>• Spending rate</td>
<td>• Investment planning</td>
<td>• Day-to-day management</td>
</tr>
<tr>
<td>• Strategic asset allocation</td>
<td>• Asset allocation</td>
<td>• Tactical asset allocation</td>
</tr>
<tr>
<td>• Delegations</td>
<td>• Manager identification</td>
<td>• Manager appointments</td>
</tr>
<tr>
<td></td>
<td>• Market trends</td>
<td>• Manager terminations</td>
</tr>
<tr>
<td></td>
<td>• Program risk</td>
<td>• Risk management</td>
</tr>
<tr>
<td></td>
<td>• Staff compensation</td>
<td>• Research</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appoints Investment Officers / Advisors</th>
<th>Advises Board of Regents</th>
<th>Monitors Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Chief Investment Officer (CIO)</td>
<td>• Investment program oversight</td>
<td>• Performance reporting</td>
</tr>
<tr>
<td>• UWINCO members</td>
<td>• CIO oversight</td>
<td></td>
</tr>
<tr>
<td>• Investment consultants</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reviews Program</th>
<th>Advises President</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Program oversight/accountability</td>
<td>• Administrative oversight</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• CIO compensation</td>
<td></td>
</tr>
</tbody>
</table>

* represents new delegations and responsibilities
**Cambridge Associates - Endowment Governance Structures**

**Structure 1:** Regents managing endowment. CFO/Treasurer responsible for investment function with staff part-time covering other Treasury functions.

**Structure 2:** Regents and non-regent members with specialized knowledge managing endowment. Internal staffing with investment directors reporting to CFO/Treasurer.

**Structure 3:** CIO manages internal staff of dedicated investment professionals. Regents maintain policy and oversight with investment committee support.

**Structure 4:** CIO leads internal investment management company. Staff becoming increasingly specialized. Regents maintain policy and oversight with investment advisory committee support.

**Structure 5:** CIO leads external (legally separate) management company with highly specialized staff. Regents maintain policy and oversight responsibilities yet with independent board having greater management and oversight role.

* IF (Invested Funds) consist of cash and liquidity pools only; DIP included under CEF assets

** Excerpt from Cambridge Associates LLC – Five Structures of Endowment Governance, Organization and Staffing
## ATTACHMENT C: Comparison of Governance Structures

<table>
<thead>
<tr>
<th>Issue</th>
<th>YEAR 2000</th>
<th>TODAY</th>
<th>THE FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UW Investment Office</td>
<td>Internal - Integrated with other University Functions</td>
<td>Internal Investment Management Company</td>
</tr>
<tr>
<td>Investment Company Advisory Board</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Investment Advisory Committee</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>CIO Delegated Authority</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>SEC Registration Requirement</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Incentive Compensation</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Investment Staff</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Deferral of Incentive</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Public Records Exemption</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>RCW 42.56.270</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Public Meetings Requirement</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Constitutional Constraint</td>
<td>Yes - on non-gift funds. Constitutional amendment to change</td>
<td>Yes - on non-gift funds. Constitutional amendment to change</td>
<td>Yes - on non-gift funds. Constitutional amendment to change</td>
</tr>
<tr>
<td>RFP Requirement</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Personnel Decisions</td>
<td>UW HR Process</td>
<td>UW HR Process</td>
<td>UW HR Process</td>
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<tr>
<td>Internship Program</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Focus exclusively on Investments</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Access to University benefit programs</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Access to University fiscal systems</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

Research Vessel Thomas G. Thompson – Approve Contract for Mid-Life Refit

RECOMMENDED ACTION

It is the recommendation of the administration and the Finance and Asset Management Committee that the Board of Regents delegate authority to the President or her designee to award a contract to Vigor Marine LLC, in an amount not to exceed $35,000,000 plus applicable tax, for the mid-life refit of the Research Vessel Thomas G. Thompson at a ship construction/ship repair facility located in Seattle, Washington.

BACKGROUND

Research Vessel Thomas G. Thompson (R/V Thompson) is owned by the Office of Naval Research (ONR) and is operated by the University of Washington’s School of Oceanography under a Charter Party Agreement. R/V Thompson is the lead ship of the AGOR-23 class of global research vessels and was delivered to the Navy in 1991.

As the ship has exceeded the mid-point of its originally expected 30-year service life, ONR has initiated a program to complete the mid-life refit overhaul of the ship. The intent of the program is to ensure that the ship can continue to operate reliably and effectively for the remainder of its expected 30-year service life. In addition, the mid-life refit is intended to address changes in regulatory requirements for the ship so they can continue to sail the world’s oceans without limitation.

This highly capable vessel is essential to supporting deep water oceanographic research and for taking large integrated science expeditions to sea. Congressional funding has been received to complete the mid-life refit of R/V Thompson. Funding for R/V Thompson’s mid-life refit is sufficient to enable re-powering of the ship, which will thus serve as a Service Life Extension. R/V Thompson’s service life will be extended from 30 years to 40-45 years as a result of this fully funded initiative.

The core vessel upgrades and improvements include replacement of much of the propulsion system, renovation and/or upgrades to alarm and monitoring, electrical, ship controls, navigation, firefighting, potable water, ballast and seawater piping, sewage, heating, ventilation and air conditioning (HVAC), habitability, ballast water treatment, lighting, science, over-the-side winch, and internal communications systems.
B. Finance and Asset Management Committee

Research Vessel Thomas G. Thompson – Approve Contract for Mid-Life Refit
(continued p. 2)

The contract, which is the result of a publicly advertised competitive solicitation, will be accomplished over a period of approximately twenty-two months, commencing in July/August 2015, with estimated completion in May 2017. In order to ensure timely completion of the project, the contractor is bound by a firm schedule agreed to by all parties. Schedule changes due to unknown conditions are mitigated through continuous, proactive project management, change order control, and inclusion of liquidated damages in the contract, in the event that the contractor fails to meet the agreed upon delivery date. The contract not to exceed amount of $35,000,000 includes contingency funds of $5,500,000 for potential additional work.

Funding for this purchase is provided by funding from the Office of Naval Research, National Science Foundation, as well as the ship’s Maintenance Operations Stabilization Account (MOSA). The MOSA is a maintenance account managed by the School of Oceanography as authorized by the National Science Foundation and Office of Naval Research.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine Board Update

INFORMATION

This item is for information only.

BACKGROUND

In January 2000, the Board of Regents established a board, known as the UW Medicine Board, to advise the Board of Regents, the University President, and the CEO of UW Medicine/Executive Vice President for Medical Affairs/Dean of the School of Medicine regarding the operation and governance of UW Medicine and to govern the patient care aspects of the University of Washington Medical Center.

Per UW Board of Regents standing order chapter 9 and UW Medicine Board bylaws Article 1 Section 1, the board consists of seventeen members, including the UW President and at least one member of the Board of Regents.

This update will be added as a standing item to provide representatives of the Board of Regents serving on the UW Medicine Board an opportunity to update the Finance and Asset Management committee about current UW Medicine Board activities, discussions and actions.

UW Regents currently serving on the UW Medicine Board:

    Kristianne Blake
    Rogelio Riojas
Why Computer Science & Engineering Matters

Ed Lazowska
Bill & Melinda Gates Chair in Computer Science & Engineering
Founding Director, University of Washington eScience Institute

A 21st century view of Computer Science:
A field unique in its societal impact

CORE CSE
AI, systems, theory, languages, etc.
cloud computing
data science
machine learning
human computer interaction
natural language processing
sensors
robotics
computer vision
mobile computing

Energy & Sustainability

Technology Policy and Societal Implications

Security, Privacy, & Safety

Advancing the Developing World

Interacting with the Physical World: “The Internet of Things”

Elder Care
Accessibility

Scientific Discovery

Transportation

Education

Neural Engineering

Medicine & Global Health
UW CSE drives many of UW’s key interdisciplinary initiatives

- The **Center for Sensorimotor Neural Engineering** (an NSF Engineering Research Center)

- The **Center for Game Science** (funded by the Gates Foundation and DARPA to create revolutionary games for scientific discovery and for learning)

- The **eScience Institute** (funded by the Moore, Sloan, and Washington Research Foundations to bring advances in data-intensive discovery to researchers campus-wide)

- **dub** – “design-use-build” (a collaboration that has made UW one of the top three institutions in the nation in human-computer interaction)

- The **Intel Science and Technology Center for Pervasive Computing**

- The **Tech Policy Lab** (a joint effort of CSE, the School of Law, and the Information School, funded by Microsoft)

- **GIX** – the Global Innovation Exchange

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**Student Demand: University of Washington Confirmed, Incoming Freshmen**

![Charts showing student demand for various majors at the University of Washington.](image-url)
Student Demand: University of Washington
CSE 14x Enrollment
(1-year moving average)

Employer Demand: Fields with Workforce Gaps in Washington,
Baccalaureate Level & Above
(WSAC / SBCTC / WTECB, October 2013)

* Gap exists at the graduate and/or professional level only


Computer Occupations = 71% of all STEM

(US Bureau of Labor Statistics)

- Computer Occupations
- Engineers (Aerospace, Biomedical, Chemical, Civil, Electrical, Electronics, Environmental, Industrial, Materials, Mechanical, Other)
- Life Scientists (Agricultural & Food Scientists, Biological Scientists, Conservation Scientists & Foresters, Medical Scientists, Other)
- Physical Scientists (Astronomers, Physicists, Atmospheric & Space Scientists, Chemists & Materials Scientists, Environmental Scientists & Geoscientists, Other)
- Social Scientists and Related Workers (Economists, Survey Researchers, Psychologists, Sociologists, Urban & Regional Planners, Anthropologists & Archeologists, Geographers, Historians, Political Scientists, Other)
- Mathematical Science Occupations

Data from the spreadsheet linked at http://www.bls.gov/emp/ep_table_102.htm

---

Computer Science & Engineering

- At the heart of the modern university
  - Nowhere more so than at the University of Washington
- At the heart of the modern world
  - Nowhere more so than in the Puget Sound region
- We need your support in order to respond to the extraordinary opportunities that lie ahead
Legislative Session Report

This will be an oral report for information only.
Fiscal Year 2016 Operating and Capital Budget Approval and 2015-16 Tuition Rates

RECOMMENDED ACTION

It is the recommendation of the administration that the Board of Regents, pursuant to its authority under RCW 28B.20.130, the Bylaws of the Board of Regents, and the Board of Regents Governance Standing Order No. 1, approve the Fiscal Year 2016 operating budget and capital budget for the University of Washington. In this action item, the Board of Regents, in its sole and independent discretion:

1. Adopts the Fiscal Year 2016 Operating Budget;
2. Establishes tuition rates for all tuition categories for the 2015-16 academic year;
3. Changes selected fees for Fiscal Year 2016;
4. Specifies that academic fee increases that are implemented under authority that the Board of Regents has delegated to the President and Provost that are consistent with the limitations the Board has specified are reasonable and necessary;
5. Adopts the Fiscal Year 2016 Capital Budget; and

BACKGROUND

Operating and capital budgets are presented annually to the UW Board of Regents for approval.

This year, a final state operating and capital budget were not approved by the legislature and the governor until June 30, 2015. As a result, a detailed budget item could not be finalized before the time of printing advanced meeting materials. For reference, a budget brief outlining the final state operating and capital budget is included as an attachment.

The comprehensive budget item will be distributed to Regents and the public electronically the week of July 6. Printed materials will be provided to Board members at the regular meeting on July 9.

Attachment
Brief: “Final Compromise Budgets – 2015-17 State Operating and Capital Budgets”
Leadership in both the House and Senate released and passed a compromise operating budget Monday evening in the form of Engrossed Substitute SB 6052. In addition to this proposal, the legislature passed Second Engrossed Substitute SB 5954, which describes the tuition assumptions and restrictions used in the compromise budget. Further, the legislature released and adopted a compromise capital budget last night in the form of Second Engrossed HB 1115.

**These policy and funding changes will be incorporated into a comprehensive operating and capital budget item for Regental consideration and action on July 9, 2015.**

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**Final Operating Budget - Overview**

The compromise budget appropriates $38.2 billion of Near General Fund State and Opportunity Pathways funding for the 2015-17 biennium by assuming the additional revenue recently projected by the Economic and Revenue Forecast Council, account transfers, revenue from closing certain tax exemptions, as well as cuts and savings in existing programs. Of this amount, all of higher education (including financial aid) would receive nearly $3.5 billion (or 9.2 percent).

Table 1 shows the total funding the UW will receive under the conference budget (subject to action on the floor and Gubernatorial veto action) compared to previous 2015-17 budget proposals.

<table>
<thead>
<tr>
<th>Near General Fund State</th>
<th>FY16</th>
<th>FY17</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-15 Funding Level</td>
<td>$ 254,062</td>
<td>$ 246,471</td>
<td>$ 500,533</td>
</tr>
<tr>
<td>Carry Forward Level</td>
<td>$ 259,960</td>
<td>$ 259,002</td>
<td>$ 518,962</td>
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<tr>
<td>Governor's Budget</td>
<td>$ 270,947</td>
<td>$ 274,109</td>
<td>$ 545,056</td>
</tr>
<tr>
<td>House Chair Budget Proposal*</td>
<td>$ 285,473</td>
<td>$ 311,162</td>
<td>$ 596,635</td>
</tr>
<tr>
<td>Senate Chair Budget Proposal</td>
<td>$ 308,767</td>
<td>$ 365,630</td>
<td>$ 674,397</td>
</tr>
<tr>
<td>House Floor Budget Proposal*</td>
<td>$ 287,073</td>
<td>$ 308,412</td>
<td>$ 595,485</td>
</tr>
<tr>
<td>Senate Floor Budget Proposal</td>
<td>$ 308,767</td>
<td>$ 365,630</td>
<td>$ 674,397</td>
</tr>
<tr>
<td>Senate &quot;Offer&quot; Ways &amp; Means Budget Proposal</td>
<td>$ 353,283</td>
<td>$ 354,997</td>
<td>$ 708,279</td>
</tr>
<tr>
<td>House &quot;Offer&quot; Budget Proposal*</td>
<td>$ 285,462</td>
<td>$ 305,934</td>
<td>$ 591,396</td>
</tr>
<tr>
<td>Revised House Budget Proposal (2PSHB 1106 &amp; HB 2269)</td>
<td>$ 292,212</td>
<td>$ 305,983</td>
<td>$ 598,195</td>
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<tr>
<td>Revised Senate (PSSB 6052) Proposal*</td>
<td>$ 337,092</td>
<td>$ 339,399</td>
<td>$ 676,490</td>
</tr>
<tr>
<td><strong>Proposed Operating Budget Compromise</strong></td>
<td>$ 291,886</td>
<td>$ 327,686</td>
<td>$ 619,572</td>
</tr>
</tbody>
</table>

*Note that these figures include additional allocations from Sec 612, Sec 942, 943,928 and 720 of the original House budget.

As displayed in Table 2 below, the compromise budget will (among other things) appropriate funds to support medical residencies, to increase computer science enrollments, to continue operations of the UW’s WWAMI program in Spokane, to (at least partially) backfill a reduction in resident undergraduate tuition, and to provide limited funds for general wage increases and collective bargaining agreements.

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1 “Near General Fund State” = funding from the state general fund + funding from the Education Legacy Trust Account.
Tuition Assumptions

The compromise budget assumes the provisions of the 2ESSB 5954, which (once passed) will reduce the operating fee portion of resident undergraduate tuition at all public higher education institutions. In 2015-16, resident undergraduate operating fees at all public institutions are to be 5 percent below the 2014-15 rates. In 2016-17, resident undergraduate operating fees at the state universities (the UW and WSU) are to be 15 percent below the 2014-15 rates; at the regional universities, they are to be 20 percent below the 2014-15 rates; and at the community and technical colleges, they are to be held at 5 percent of the 2014-15 rates.

Provisos in the Conference Budget

The final conference budget provides funds for the following University programs:

Near State General Fund Provisos

- O&M Funding – $1.762 million over the biennium ($881,000 per year) to cover some of the expected operation and maintenance (O&M) costs for UW Bothell’s Discovery Hall.

- Computer Science – $6 million over the biennium to increase bachelor’s degrees awarded in Computer Science.
• **WWAMI** – $9 million over the biennium to continue operations of the UW WWAMI program in Spokane. In addition, the State Auditor is required to conduct an audit of the WWAMI program, focusing on cost per student.

• **Family Practice Medicine Residency Network** – $8 million in biennial funding ($4 million per year) to fund additional medical residencies in Washington state.

• **Latino Health Center** – $500,000 over the biennium ($250,000 per year) for the Latino Health Center.

• **Climate Impacts Group** – $400,000 over the biennium ($200,000 per year) for the Climate Impacts Group in the College of the Environment to conduct climate analysis.

• **Labor Archives** – $400,000 for the biennium ($200,000 per year) to engage with the State Board for Community and Technical Colleges to work on Washington’s labor archives.

• **Continuation of state funds for CINTRAFO**R – Proviso language and funding is included to ensure the UW continues its current expenditure authority for activities regarding the Center for International Trade in Forest Products in the University of Forest Resources (CINTRAFO).

• **Agreements with the Departments of Corrections and Social and Health Services** – The UW must determine the feasibility of establishing agreements with above noted agencies to provide discount pricing on Hepatitis C medications. This work requires a report due January 1, 2016 and agreements to be in place by July 1, 2016.

**Funds other than Near State General Fund**

• **Ocean Acidification Research** – $1.55 million across the biennium ($775,000 per year) in State Toxics Control Account funding for the Washington Ocean Acidification Center to continue operations, collection of data and ocean acidification forecast modeling.

• **Continuation of Aerospace Initiative Funding** – Like all previous proposals, proviso language is included to ensure the UW continues its current expenditure authority for activities regarding the Joint Center for Aerospace Innovation Technology with WSU.

• **Research and Education on Effect of Marijuana Use** – $414,000 for the biennium ($207,000 per year) from the Dedicated Marijuana Account for research on the short- and long-term effects of marijuana use, as authorized by Initiative 502. In addition to this amount, $40,000 is provided for the UW’s Alcohol and Drug Abuse Institute to create a website to educate the public on the health and safety risks posed by marijuana use.

• **Pension Study** – The budget bill directs the UW’s Center for Education Data and Research to examine correlations between pension participation and teacher quality and mobility “to the extent federal or private funding is available for this purpose.” No state funding is provided.

**Compensation Assumptions**

Following previous budget proposals, this budget assumes compensation increases of 3 percent in FY16 and 1.8 percent in FY17. In total, state support of $27 million is provided over the biennium for higher education general wage increases.
The bill indicates that collective bargaining agreements (CBAs) with the Washington Federation of State Employees (WFSE) and Service Employees International Union 925 (SEIU 925) – which include a 3 percent wage increase in FY16 and a 2 percent increase in FY17 – are partially funded.

Like the previous House proposal, the compromise budget offer limits employer health care contributions to $840 per month in FY16 and to $894 per month in FY17 – both of which represent increases over the FY15 employer health care contribution limit of $662 per month.

Other Higher Education Budget Impacts

Financial aid – We continue to work with the Office of Student Financial Aid to determine how this budget will impact state-funded aid programs at the UW. However, at a high level:

- Funding for the State Need Grant (SNG) and the College Bound Scholarship (CBS) programs are reduced in tandem with the decrease in resident undergraduate operating fees.
- Private institutions participating in SNG and CBS are held harmless regarding the public sector tuition reductions. In other words, students at private institutions will receive higher SNG and CBS awards than students at publics.
- The budget intends to fully fund CBS enrollments by requiring that CBS students be given priority for SNG awards. The Washington Student Achievement Council (WSAC) will provide guidance to institutions to maximize the number of CBS students receiving SNG awards “with a goal of 100 percent coordination.” Institutions will be required to reserve sufficient SNG funding to cover the projected CBS enrollments. This is preferable to other proposals in which WSAC was required to reserve a central pool of funds for this purpose; however, it will still necessitate significant institutional administrative coordination to meet the 100 percent requirement.
- SNG eligibility requirements remain unaltered; however, awards shall no longer be adjusted for Pell grant increases that “exceed projected increases in the non-instructional costs of attendance.” Pell grant recipients will benefit from this as they could now receive a Pell grant increase and retain their full SNG award.
- Lastly, $41 million is provided for the Opportunity Scholarship program to fund state match requirements in FY16 as well as the match requirements expected for FY17.

Health Professional Education – Like the previous house proposals and the latest Senate “offer,” the compromise budget provides WSAC with $3.825 million per year from the General Fund, and an additional $1.72 million from the Health Professionals Loan Repayment and Scholarship Account, to implement the Health Professionals Loan Repayment and Scholarship Program. The program will target loan repayments toward increasing the number of primary care health professionals in rural and underserved communities.

Services & Activities Fees – The budget contains an extension to allow the student services and activities fee to increase beyond the fiscal growth factor in the 2015-17 biennium. 2ESSB 5954 contains somewhat contradictory language about this fee, but we assume that the budget language prevails.

Final Capital Budget

The final Legislative Capital Budget appropriates $76.3 million in new funding from State Building Construction Account and $15 million from the UW Building Account for major projects. This includes appropriations for the Computer Science & Engineering Expansion ($17.5 million\(^2\)), Burke Museum ($26 million), UW Tacoma Urban Solutions Center ($16 million), and predesign funds for UW Bothell - Phase 4 - Academic STEM ($500,000). Funding for Health Sciences related

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\(^2\) $17.5 million in state funding in addition to $15 million repurposed from internal funds.
projects include MHSC T-wing Renovation predesign ($623,000), Nursing Simulation Learning Lab ($4 million), and Interprofessional Education (IPE) Classroom ($2.71 million). The budget also appropriates $9 million for the Center for Advanced Materials and Clean Energy Research Test Beds.

Funding was not appropriated for two UW requested projects: Life Sciences Building and Lewis Hall Renovation.

The final budget appropriates $28.175 million from the UW Building Account to fund Minor Capital Repair - Preservation to support the preservation and renewal of facilities across all three campuses. Projects in this category include infrastructure upgrades, building repairs, utilities and site work repair, life safety, and classroom improvements. Preventative Facility Maintenance and Building System Repairs ($25.8 million) shifts resources from the capital budget to provide operating resources for UW preventative facility maintenance on the UW Seattle campus.

The final budget also appropriates $1 million to fund ongoing UW Tacoma Soil Remediation.

The legislation maintains a provision of funding of $116,000 from the UW Building Account to support the development of OFM’s Higher Ed Preservation Information System which aims to equalize the facility condition assessment by higher education institutions.

*Please contact John Seidelmann with any questions related to the state capital budget.*
UNIVERSITY OF WASHINGTON

FY 2016 OPERATING AND CAPITAL BUDGETS

FY 2016 OPERATING BUDGET
2015-16 TUITION RATES
FY 2016 CAPITAL BUDGET & REVISED ONE CAPITAL PLAN

ATTACHMENT 2
Board of Regents
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Rogelio Riojas
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Gerald Baldasty, Interim Provost and Executive Vice President
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Denzil Suit, Vice President for Student Life
Connie Kravas, Vice President for University Advancement
Kelli Trosvig, Vice President for UW Information Technology
Paul Ramsey, Dean of School of Medicine and CEO of UW Medicine

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Howard Frumkin, Dean, School of Public Health
Edwina Uehara, Dean, School of Social Work
Ed Taylor, Vice Provost and Dean, Undergrad Academic Affairs
Wolf Yeigh, Chancellor, UW Bothell
Mark A. Pagano, Chancellor, UW Tacoma

Senate Committee on Planning and Budgeting
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Kate O’Neill, Faculty Senate Chair
Norm Beauchamp, Faculty Senate Vice-Chair
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Marcia Killien, Secretary of the Faculty
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Paul Hopkins, Faculty at Large
Bradley Holt, Faculty at Large
Dan Jacoby, Faculty at Large
Kurt Johnson, Faculty at Large
Thaisa Way, Faculty at Large
Christina Xiao, ASUW president
Alice Popejoy, GPSS President
Gerald Baldasty, Interim Provost and Executive Vice President
Paul E. Jenny, Senior Vice President, Planning & Management
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Aaron Vetter, Student Representative

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Elloise Kim
Roy Taylor
Brian Tracey
Christina Xiao, ASUW president
Alice Popejoy, GPSS President
Jared Miller
Luke Picking
Elizabeth Pring
Jack Blasing
Jocelyn Patterson, ASUWT President
James Anderson, ASUWB President

Prepared By
Office of Planning and Budgeting, Division of Planning and Management
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The primary mission of the University of Washington is the preservation, advancement, and dissemination of knowledge. The University preserves knowledge through its libraries and collections, its courses, and the scholarship of its faculty. It advances new knowledge through many forms of research, inquiry, and discussion, and disseminates it through the classroom and the laboratory, scholarly exchanges, creative practice, international education, and public service. As one of the nation’s outstanding teaching and research institutions, the University is committed to maintaining an environment for objectivity and imaginative inquiry and for the original scholarship and research that ensure the production of new knowledge in the free exchange of facts, theories, and ideas.

**UW Brand:** Together undaunted for a world of good.

**The UW must...**

**Sustain**
- Academic excellence and mission
- Financial stability

**Compete**
- Attract the best students, faculty, and staff
- Increase and diversify funding

**Transform**
- Embrace technology and interdisciplinary collaboration to meet the needs of a diverse and dispersed student body
- Invest in people and infrastructure to meet 21st century challenges

**By...**
- Increasing revenue
- Decreasing costs
- Investing in people
- Investing in infrastructure
- Increasing access
2015 Highlights

Rankings and Economic Impact

- The UW is ranked No. 14 globally by U.S. News & World Report, No. 15 globally by the Academic Ranking of World Universities and No. 7 nationally by Washington Monthly. U.S. News ranks the UW is ranked No. 16 nationally among public universities, or No. 48 among all nationally ranked universities.

- Kiplinger’s ranks the UW as the No. 11 best value in the nation for in-state students. Washington Monthly ranks UW Seattle No. 15 and UW Bothell No. 6 in its “Best Bang for the Buck” rankings.

- UW’s annual economic impact on the state of Washington is now $12.5 billion – up from $9.1 billion just five years ago.

Access and Affordability

- Enrollment grew on all three UW campuses in fall 2014. In addition, applications for freshmen admission continue to grow. This growth occurs alongside an institutional commitment to need-based aid.

- About 57 percent of undergraduates received some type of financial aid in 2014-15, in the form of scholarships, grants, waivers, loans, and work study funded by the federal or state government, the UW, or a variety of private sources. A total of $424 million was awarded.

- Approximately 32 percent—or about 9,750—of UW undergraduate residents on all three campuses are eligible for the Husky Promise, a program that provides free tuition to students with financial need.

Infrastructure Growth

- UW Bothell opened Discovery Hall in fall 2014. This building is the home to UW Bothell School of Science, Technology, Engineering, and Math.

- UW Tacoma recently celebrated the opening of its new, award-winning Prairie Line Trail and its new University Y Student Center.

- Supported by tribal communities, individual gifts, corporations and foundations, the University, and the Washington Legislature, UW Seattle opened the Intellectual House in March 2015.

Preserving and Enhancing Scholarship

- Last year, UW Libraries received $850,000 to expand access to world-class collections and to support research in emerging fields.

- In FY15, Arts & Sciences and the College of Engineering jointly received $600,000 in operational support for MicroFab and Molecular Engineering facilities.

Research and Commercialization

- Though UW researchers and faculty continue to outperform expectations in securing awards, we remain cautious about the future given financial uncertainties with the federal government.

- CoMotion (formerly C4C) expanded its vision to provide mentoring and resources to UW innovators, opening the new MakerSpace in Fluke Hall, which offers workshops and involves over 250 students. In FY15, 15 startups were launched, including one that developed a football helmet to reduce concussions.

Health and Service

- UW Medicine provided more than $276 million in charitable care to Washington residents in FY14, the most recent year for which data are available.
Student Trends

Student Enrollment

Chart 1 and Table 1 show overall enrollment growth trends. As shown, enrollment at UW Bothell and UW Tacoma has been growing more rapidly than UW Seattle enrollment.

Chart 1. Fall Enrollment by UW Campus (headcount)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle</td>
<td>40,220</td>
<td>40,874</td>
<td>42,114</td>
<td>42,925</td>
<td>43,312</td>
<td>43,301</td>
<td>43,301</td>
<td>43,481</td>
<td>44,158</td>
</tr>
<tr>
<td>Bothell</td>
<td>1,691</td>
<td>1,889</td>
<td>2,291</td>
<td>2,828</td>
<td>3,277</td>
<td>3,772</td>
<td>4,172</td>
<td>4,606</td>
<td>4,968</td>
</tr>
<tr>
<td>Tacoma</td>
<td>2,317</td>
<td>2,647</td>
<td>2,973</td>
<td>3,122</td>
<td>3,346</td>
<td>3,669</td>
<td>3,919</td>
<td>4,310</td>
<td>4,494</td>
</tr>
<tr>
<td><strong>Total Enrollment</strong></td>
<td><strong>44,225</strong></td>
<td><strong>45,405</strong></td>
<td><strong>47,377</strong></td>
<td><strong>48,870</strong></td>
<td><strong>49,931</strong></td>
<td><strong>50,738</strong></td>
<td><strong>51,568</strong></td>
<td><strong>53,072</strong></td>
<td><strong>54,670</strong></td>
</tr>
</tbody>
</table>

Note: The sum of enrollments at the three campuses is greater than the UW total as some students are enrolled at more than one campus.

Growth in Fee-Based Programs

As shown in Chart 2 and Table 2, enrollment in fee-based graduate programs has also been notable. Although Chart 2 and Table 2 do not show a breakdown by campus, this growth is driven largely by the Seattle campus.

Chart 2. All Campus Fall Quarter Graduate Student Headcount by Program Type
Table 2: Fall Quarter Graduate Student Headcount by Program Type

<table>
<thead>
<tr>
<th>Program Type</th>
<th>2006</th>
<th>2007</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>Tuition-Based</td>
<td>8,919</td>
<td>8,845</td>
<td>9,078</td>
<td>9,301</td>
<td>8,894</td>
<td>8,695</td>
<td>8,734</td>
<td>8,684</td>
<td></td>
</tr>
<tr>
<td>Fee-Based</td>
<td>1,960</td>
<td>2,070</td>
<td>2,394</td>
<td>2,724</td>
<td>3,035</td>
<td>3,733</td>
<td>4,143</td>
<td>4,501</td>
<td>4,714</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,863</td>
<td>10,899</td>
<td>11,453</td>
<td>11,992</td>
<td>12,388</td>
<td>12,571</td>
<td>12,782</td>
<td>13,177</td>
<td>13,332</td>
</tr>
</tbody>
</table>

Note: The sum of fee-based and tuition-based is greater than the total, since some students can be both.

Degrees Awarded by Campus

Without disaggregating by degree type or level, it is clear that for the most part, degrees awarded by our three campuses reflect growth in enrollment. The Seattle campus’s growth waned in the most recent academic year for which these data are available, reflecting slightly lower class sizes several years ago; however, this decline was a slight aberration and we expect to see consistent enrollment and degree growth over time.

Chart 3. All Degrees Awarded by Campus

Table 3: Degrees Awarded by UW Campus and Academic Year

<table>
<thead>
<tr>
<th>UW Campus</th>
<th>06-07</th>
<th>07-08</th>
<th>08-09</th>
<th>09-10</th>
<th>10-11</th>
<th>11-12</th>
<th>12-13</th>
<th>13-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle</td>
<td>9,141</td>
<td>10,723</td>
<td>11,009</td>
<td>11,913</td>
<td>11,961</td>
<td>12,396</td>
<td>12,444</td>
<td>12,299</td>
</tr>
<tr>
<td>Bothell</td>
<td>568</td>
<td>662</td>
<td>685</td>
<td>806</td>
<td>1,016</td>
<td>1,126</td>
<td>1,267</td>
<td>1,413</td>
</tr>
<tr>
<td>Tacoma</td>
<td>748</td>
<td>825</td>
<td>936</td>
<td>1,067</td>
<td>1,144</td>
<td>1,263</td>
<td>1,335</td>
<td>1,451</td>
</tr>
<tr>
<td><strong>Total Degrees</strong></td>
<td><strong>10,457</strong></td>
<td><strong>12,210</strong></td>
<td><strong>12,630</strong></td>
<td><strong>13,786</strong></td>
<td><strong>14,121</strong></td>
<td><strong>14,785</strong></td>
<td><strong>15,046</strong></td>
<td><strong>15,163</strong></td>
</tr>
</tbody>
</table>
Key Assumptions for the FY16 Proposed Budget

In each of the sections below, each major component of the FY16 operating budget is defined and changes to the budgeted amounts for the coming fiscal year are explained. As a reminder, the primary sections of the Regents’ budget are broken down as follows:

**University Operating Resources**
- General Operating Funds
- Designated Operating Funds

**Research Enterprise**

**Restricted Funds**
- Gift income and endowment distributions
- Restricted appropriations from the State of Washington

**UW Medicine Health System**

**Auxiliary/Self-Sustaining Activities**
- Auxiliary unit budget projections
- UW Tacoma and UW Bothell self-sustaining revenue projections
- Academic and academic support unit self-sustaining revenue projections

**University Operating Resources**

As a reminder, University Operating Resources are derived from state appropriations, net tuition revenue, indirect cost recovery from grants and contracts, institutional overhead charged to self-sustaining budgets and auxiliary units of the University, administrative overhead charged to Bothell and Tacoma, and summer quarter. These revenues are combined into two major budget communities: General Operating Funds (GOF) and Designated Operating Funds (DOF). These budget communities fund our campuses, Seattle schools and colleges, and academic support units.

Each of these primary drivers of revenue is described below. In addition, University Operating Resources are highlighted in a subsequent table, Table 10.

**State Subsidy**

The final state operating budget appropriates funds to support medical residencies, to increase computer science enrollments, to continue operations of the UW’s WWAMI program in Spokane, to (at least partially) backfill a reduction in resident undergraduate tuition, and to provide limited funds for general wage increases and collective bargaining agreements. Table 4 provides an overview of biennial appropriations to the University from near general fund state.
Table 4. UW State Funding in 2015-17 Compromise Budget – Detail by Fiscal Year (in $1000s)

<table>
<thead>
<tr>
<th>Near General Fund State</th>
<th>Compromise Operating Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY16</td>
</tr>
<tr>
<td>Total 2015-17 Carry Forward Funding:</td>
<td>$259,960</td>
</tr>
<tr>
<td>Total 2015-17 New Funding:</td>
<td>$31,926</td>
</tr>
<tr>
<td>Recognized Maintenance Needs</td>
<td>$1,066</td>
</tr>
<tr>
<td>O&amp;M for UW Bothell’s Discovery Hall</td>
<td>$881</td>
</tr>
<tr>
<td>Recognized Policy-Level Needs</td>
<td>$112</td>
</tr>
<tr>
<td>College Affordability Program (2ESSB 5954)</td>
<td>$10,018</td>
</tr>
<tr>
<td>Computer Science</td>
<td>$2,000</td>
</tr>
<tr>
<td>WWAMI Medical Education</td>
<td>$3,600</td>
</tr>
<tr>
<td>Medicine Residency Network</td>
<td>$4,000</td>
</tr>
<tr>
<td>Latino Health Center</td>
<td>$250</td>
</tr>
<tr>
<td>Climate Impact Group</td>
<td>$200</td>
</tr>
<tr>
<td>Labor Archives</td>
<td>$200</td>
</tr>
<tr>
<td>State Support for Compensation</td>
<td>$5,014</td>
</tr>
<tr>
<td>General Wage Increase</td>
<td>$4,827</td>
</tr>
<tr>
<td>WFSE Compensation Increase</td>
<td>$125</td>
</tr>
<tr>
<td>SEIU Compensation Increase</td>
<td>$530</td>
</tr>
<tr>
<td>Public Employee Benefit Rate Adjustment</td>
<td>$(516)</td>
</tr>
<tr>
<td>Represented Employee Benefit Rate Adj.</td>
<td>$(381)</td>
</tr>
<tr>
<td>Total 2015-17 Funding:</td>
<td>$291,886</td>
</tr>
</tbody>
</table>

Each of the primary areas considered by the Legislature that drive budget decisions at the University are explained in greater detail below.

Compensation

The final compromise state budget assumes that employee salaries increase by 3 percent in FY16 and 1.8 percent in FY17 and allows the University to increase compensation beyond levels specified in the budget. In total, state support of $27 million is provided over the biennium for higher education general wage increases.

The budget indicates that collective bargaining agreements (CBAs) with the Washington Federation of State Employees (WFSE) and Service Employees International Union 925 (SEIU 925) – which include a 3 percent wage increase in FY16 and a 2 percent increase in FY17 – are partially funded.

The budget also provides language to implement normally-recurring salary and merit increases with local funds.

Employee Benefits

The final state budget proposes to fund Public Employee Benefits Board (PEBB) healthcare benefits at the following levels: $840 per employee per month in FY16, and $894 per employee per month in FY17. The monthly employer funding rates will maintain PEBB healthcare benefits at their current cost-sharing split between the employer and employee of 85 percent and 15 percent, respectively.
The UW’s benefit load rates for faculty, classified staff, and professional staff will be adjusted to reflect these employer health benefits contribution levels. For some entities, the increased cost associated with higher per-employee healthcare rates will be a significant incremental expense. As a reminder, the Provost funds employee benefits for positions in central administrative units. Seattle schools and colleges, UW Bothell, UW Tacoma and all other University auxiliary units will fund incremental benefits costs locally.

**Tuition Rate Proposals**

The compromise budget assumes the provisions of the Second Engrossed Substitute SB 5954, which reduces the **operating fee portion of resident undergraduate tuition at all public institutions**. In 2015-16, resident undergraduate operating fees are to be 5 percent below the 2014-15 rates. In 2016-17, resident undergraduate operating fees at the state universities (the UW and WSU) are to be 15 percent below the 2014-15 rates.

Tuition rates for nonresident undergraduates and all graduate and professional students remain firmly under the authority of the UW Board of Regents and are presented for review and consideration below. Note that these proposed rates result from many months of collaboration between deans, faculty, students, and staff along with executive and academic leadership.

Further, please note, this action item was anticipated to include proposed tuition rates for two upcoming academic years (2015-16 and 2016-17). However, in order to give academic units an opportunity to contemplate the impact of resident undergraduate tuition reductions and revisit their 2016-17 tuition rate proposals, only the 2015-16 tuition proposals are presented in Table 5.

Revenue resulting from these tuition rates—net of building fee, required financial aid set-aside, and, of course, waivers—is shown below in Table 9, FY16 Proposed Budget, as the “Tuition Operating Fee Revenue” total.

**Table 5. Proposed FY16 (2015-16) Tuition Rates (operating fee + building fee)**

<table>
<thead>
<tr>
<th>Unit</th>
<th>Tuition Category</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Increase</td>
<td>Tuition</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>(operating fee reduced from $10,740 to $10,203, a 5% decrease)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$11,305</td>
<td>4.75%</td>
<td>$10,768</td>
</tr>
<tr>
<td>Non-Res</td>
<td>$32,424</td>
<td>2.0%</td>
<td>$33,072</td>
</tr>
<tr>
<td>Graduate Tier I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$15,207</td>
<td>0.0%</td>
<td>$15,207</td>
</tr>
<tr>
<td>Non-Res</td>
<td>$27,255</td>
<td>0.0%</td>
<td>$27,255</td>
</tr>
<tr>
<td>Graduate Tiers II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$15,594</td>
<td>0.0%</td>
<td>$15,594</td>
</tr>
<tr>
<td>Non-Res</td>
<td>$27,837</td>
<td>0.0%</td>
<td>$27,837</td>
</tr>
<tr>
<td>Graduate Tiers III</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$15,948</td>
<td>3.0%</td>
<td>$16,425</td>
</tr>
<tr>
<td>Non-Res</td>
<td>$28,422</td>
<td>3.0%</td>
<td>$29,274</td>
</tr>
<tr>
<td>College of Built Environments</td>
<td>Masters - Construction Mgmt, Landscape Architecture, Urban Design &amp; Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$15,954</td>
<td>0.0%</td>
<td>$15,954</td>
</tr>
<tr>
<td>Non-Res</td>
<td>$28,413</td>
<td>0.0%</td>
<td>$28,413</td>
</tr>
<tr>
<td>College of Built Environments Masters - March and MSRE (Real Estate)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$16,875</td>
<td>0.0%</td>
<td>$16,875</td>
</tr>
<tr>
<td>Non-Res</td>
<td>$35,535</td>
<td>0.0%</td>
<td>$35,535</td>
</tr>
<tr>
<td>Dental Professional (DDS) Year 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>$38,565</td>
<td>10.0%</td>
<td>$42,423</td>
</tr>
</tbody>
</table>

1 Only the operating fee portion of tuition fees decreases in FY16; thus, the combined decrease of operating and building fees in FY16 is -4.75 percent.

2 The DDS program has a cohort tuition structure. The tuition increase for a given tuition category should not be confused with the tuition increase that will be faced by students in a given cohort. For example, the rates for third- and fourth year DDS students increase 10% in FY16 and 10% in FY17. This does not mean, however, that the class of 2017 faces a 10% tuition increase each year. Rather, resident students in the Class of 2017 were charged $38,565 in 2014-15, and they will be charged $42,417 in 2015-16 and $43,131 in 2016-17. This represents a 10% increase in 2015-16, but only a 1.7% increase in 2016-17.
<table>
<thead>
<tr>
<th>Unit</th>
<th>Tuition Category</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Increase</td>
<td>Tuition</td>
</tr>
<tr>
<td><strong>School of Dentistry</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental Professional (DDS) Year 2</td>
<td>Resident</td>
<td>$38,565</td>
<td>10.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$59,466</td>
<td>10.0%</td>
</tr>
<tr>
<td>Dental Professional (DDS) Year 3</td>
<td>Resident</td>
<td>$38,562</td>
<td>10.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$59,466</td>
<td>10.0%</td>
</tr>
<tr>
<td>Dental Professional (DDS) Year 4</td>
<td>Resident</td>
<td>$35,646</td>
<td>10.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$59,466</td>
<td>10.0%</td>
</tr>
<tr>
<td>Graduate Dental - Oral Biology</td>
<td>Resident</td>
<td>$14,178</td>
<td>4.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$27,381</td>
<td>4.0%</td>
</tr>
<tr>
<td>Graduate Dental - Oral Medicine, Pediatric Dentistry, Periodontics, and Prosthodontics</td>
<td>Resident</td>
<td>$15,747</td>
<td>4.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$28,737</td>
<td>4.0%</td>
</tr>
<tr>
<td>Graduate Dental - Endodontics</td>
<td>Resident</td>
<td>$22,053</td>
<td>4.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$28,737</td>
<td>4.0%</td>
</tr>
<tr>
<td>Graduate Dental - Orthodontics</td>
<td>Resident</td>
<td>$14,778</td>
<td>2.8%</td>
</tr>
<tr>
<td><strong>College of Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master of Education and Master in Teaching</td>
<td>Resident</td>
<td>$15,015</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$27,837</td>
<td>3.0%</td>
</tr>
<tr>
<td>Doctor of Education and Education PhD</td>
<td>Resident</td>
<td>$15,015</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$27,837</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>College of Engineering</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master of Chemical Engineering</td>
<td>Resident</td>
<td>$19,923</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$31,410</td>
<td>3.0%</td>
</tr>
<tr>
<td>Masters of Industrial and Systems Engineering</td>
<td>Resident</td>
<td>$19,923</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$31,410</td>
<td>3.0%</td>
</tr>
<tr>
<td>Master of Material Science and Engineering</td>
<td>Resident</td>
<td>$19,923</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$31,410</td>
<td>3.0%</td>
</tr>
<tr>
<td>Master of Applied Bioengineering</td>
<td>Resident</td>
<td>New category</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>New category</td>
<td></td>
</tr>
<tr>
<td><strong>College of the Environment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of the Environment Graduate Programs</td>
<td>Resident</td>
<td>$15,594</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$27,837</td>
<td>0.0%</td>
</tr>
<tr>
<td>MS in Earth and Space Sciences: Applied Geosciences</td>
<td>Resident</td>
<td>New category</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>New category</td>
<td></td>
</tr>
<tr>
<td><strong>Evans School of Public Affairs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master of Public Administration (MPA)</td>
<td>Resident</td>
<td>$19,239</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$34,530</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Foster School of Business</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBA Incoming</td>
<td>Resident</td>
<td>$29,250</td>
<td>3.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$43,086</td>
<td>3.0%</td>
</tr>
<tr>
<td>MBA Continuing</td>
<td>Resident</td>
<td>$27,855</td>
<td>5.0%</td>
</tr>
<tr>
<td></td>
<td>Non-Res</td>
<td>$41,037</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

3 The MBA programs also have a cohort tuition structure (that is, there are different rates for incoming and continuing students). Again, for these programs, it must be understood that the change in tuition is not applied to students but is applied to the rate for a category. For example, a Seattle MBA resident student who entered in fall 2014 paid tuition of $29,250. Although the MBA resident continuing rate shows a 5% increase, the increase is applied only to that tuition category; the MBA student entering her/his second year will be charged tuition of $29,250 for 2015-16.
<table>
<thead>
<tr>
<th>Unit</th>
<th>Tuition Category</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Increase</td>
<td>Tuition</td>
</tr>
<tr>
<td>Information School</td>
<td>Master of Library and Information Science</td>
<td>$28,614</td>
<td>$29,415</td>
</tr>
<tr>
<td>(MLIS)</td>
<td>(Non-Res)</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>Law (JD)</td>
<td>Resident</td>
<td>$30,891</td>
<td>$30,891</td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>-0.0%</td>
<td></td>
</tr>
<tr>
<td>Master of Laws (LLM)</td>
<td>Resident</td>
<td>$17,889</td>
<td>$19,677</td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>10.0%</td>
<td></td>
</tr>
<tr>
<td>Law PhD</td>
<td>Resident</td>
<td>$17,889</td>
<td>$18,426</td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>School of Law</td>
<td>Medical Professional (MD)</td>
<td>$31,131</td>
<td>$32,688</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>School of Medicine</td>
<td>Nursing Master and Doctor of Nursing</td>
<td>$25,461</td>
<td>$25,461</td>
</tr>
<tr>
<td>Practice</td>
<td>(Resident)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>School of Pharmacy</td>
<td>Doctor of Pharmacy</td>
<td>$26,496</td>
<td>$27,291</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>School of Public Health</td>
<td>Master of Public Health - 1st Year</td>
<td>$16,614</td>
<td>$17,943</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>8.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Health PhD Programs</td>
<td>$15,948</td>
<td>$16,746</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Master of Public Health - Continuing</td>
<td>$16,614</td>
<td>$17,445</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Health MS and other graduate</td>
<td>$15,948</td>
<td>$16,746</td>
</tr>
<tr>
<td>programs</td>
<td>(Resident)</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>School of Social Work</td>
<td>Master of Social Work</td>
<td>$16,632</td>
<td>$17,130</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>UW Bothell</td>
<td>Bothell - MBA Incoming&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$22,596</td>
<td>$22,596</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bothell - MBA Continuing&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$22,371</td>
<td>$22,371</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>UW Tacoma</td>
<td>Tacoma - Master of Nursing</td>
<td>$15,594</td>
<td>$15,594</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tacoma - MBA Incoming&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$20,124</td>
<td>$20,325</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>1.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tacoma - MBA Continuing&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$19,536</td>
<td>$20,124</td>
</tr>
<tr>
<td></td>
<td>(Resident)</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Non-Res)</td>
<td>3.0%</td>
<td></td>
</tr>
</tbody>
</table>

These requests have been considered by many constituencies and have been evaluated by schools and colleges in terms of how they compare to peer programs at other universities and the revenue base they would support for normal, increasing expenses.
Tuition and Fees Comparison

As Table 6 elucidates, the UW’s tuition and fee rate for resident undergraduates was well below the peer mean and median in 2014-15. Since the conference budget decreases the operating fee portion of resident undergraduate tuition by 5% in FY16, the UW’s 2015-16 resident undergraduate operating fee rate will decrease from $10,740 to $10,203 in FY16.

Table 6: Resident Undergraduate Tuition & Fees Peer Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>University of California Davis</td>
<td>$13,896</td>
<td>$13,896</td>
<td>0.00%</td>
</tr>
<tr>
<td>Rutgers, State University of New Jersey</td>
<td>$13,813</td>
<td>$13,499</td>
<td>2.33%</td>
</tr>
<tr>
<td>University of California San Diego</td>
<td>$13,421</td>
<td>$13,271</td>
<td>1.13%</td>
</tr>
<tr>
<td>University of Massachusetts Amherst</td>
<td>$13,258</td>
<td>$13,443</td>
<td>-1.38%</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>$13,208</td>
<td>$12,668</td>
<td>4.26%</td>
</tr>
<tr>
<td>University of California Irvine</td>
<td>$13,179</td>
<td>$13,149</td>
<td>0.23%</td>
</tr>
<tr>
<td>University of California Los Angeles</td>
<td>$12,701</td>
<td>$12,697</td>
<td>0.03%</td>
</tr>
<tr>
<td>University of Connecticut</td>
<td>$12,700</td>
<td>$12,022</td>
<td>5.64%</td>
</tr>
<tr>
<td><strong>University of Washington Seattle</strong></td>
<td><strong>$12,394</strong></td>
<td><strong>$12,397</strong></td>
<td><strong>-0.02%</strong></td>
</tr>
<tr>
<td>University of Colorado Boulder and Denver</td>
<td>$10,789</td>
<td>$10,343</td>
<td>4.31%</td>
</tr>
<tr>
<td>University of Maryland College Park and Baltimore</td>
<td>$9,428</td>
<td>$9,162</td>
<td>2.90%</td>
</tr>
<tr>
<td><strong>GCS Group Average</strong></td>
<td><strong>$12,639</strong></td>
<td><strong>$12,415</strong></td>
<td><strong>1.95%</strong></td>
</tr>
</tbody>
</table>

Note: The GCS group average does not include the UW’s rate.

Though our resident undergraduate tuition rate is currently below that of our peers, Table 7 shows that the UW’s graduate Tier I tuition rate is relatively high compared to peers.

Table 7: Tier 1 Resident Graduate Tuition & Fees Peer Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rutgers, State University of New Jersey</td>
<td>$17,922</td>
<td>$17,515</td>
<td>2.32%</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>$16,678</td>
<td>$16,260</td>
<td>2.57%</td>
</tr>
<tr>
<td><strong>University of Washington Seattle</strong></td>
<td><strong>$16,296</strong></td>
<td><strong>$15,303</strong></td>
<td><strong>6.49%</strong></td>
</tr>
<tr>
<td>University of Maryland College Park and Baltimore</td>
<td>$15,938</td>
<td>$15,198</td>
<td>4.87%</td>
</tr>
<tr>
<td>University of Connecticut</td>
<td>$14,472</td>
<td>$13,662</td>
<td>5.93%</td>
</tr>
<tr>
<td>University of Massachusetts Amherst</td>
<td>$13,391</td>
<td>$13,642</td>
<td>-1.84%</td>
</tr>
<tr>
<td>University of California Davis</td>
<td>$13,109</td>
<td>$13,109</td>
<td>0.00%</td>
</tr>
<tr>
<td>University of California Irvine</td>
<td>$12,962</td>
<td>$12,962</td>
<td>0.00%</td>
</tr>
<tr>
<td>University of California San Diego</td>
<td>$12,929</td>
<td>$12,779</td>
<td>1.17%</td>
</tr>
<tr>
<td>University of California Los Angeles</td>
<td>$12,571</td>
<td>$12,571</td>
<td>0.00%</td>
</tr>
<tr>
<td>University of Colorado Boulder and Denver</td>
<td>$11,974</td>
<td>$11,510</td>
<td>4.03%</td>
</tr>
<tr>
<td><strong>GCS Group Average</strong></td>
<td><strong>$14,001</strong></td>
<td><strong>$13,779</strong></td>
<td><strong>1.58%</strong></td>
</tr>
</tbody>
</table>

Note: The GCS group average does not include the UW’s rate.
Financial Aid

There are a number of ways in which tuition policy is intertwined with financial aid policy. Tuition increases without compensatory increases in financial aid affect the University’s ability to support its mission of providing student access. However, tuition rates for resident undergraduates have not increased since 2012-13. As such, this financial aid section will be more focused on the revenue collected by primary student groups (e.g. resident and nonresident undergraduates and resident and nonresident graduate students) and less focused on incremental funds going to a particular student group.

As background, up until the passage of 2ESSB 5954, at the end of the 2015 legislative session, the state of Washington required that the UW put an amount equal to five percent of total collected tuition revenue toward financial aid. However, 2ESSB 5954 removed the five percent requirement, instead requiring that an amount equal to four percent of total collected tuition revenue be put toward financial aid. However, this budget assumes that the same percentage of tuition charged (gross tuition) will be used for aid in FY16 as in FY15 and that the now-lower state mandated portion will be captured in the institutional aid category.4

In addition to the state obligation, UW policy requires that an amount equal to four percent of the total resident portion of tuition charged to all students be used for tuition waivers; three-fourths of these waivers are awarded on the basis of need and one-fourth on the basis of merit. In recent years, given double-digit increases in tuition for undergraduate residents, a portion of incremental tuition generated by those increases was used for financial aid. In order to maintain the current level of economic diversity, this budget assumes that the same percentage of tuition charged (gross tuition) will be used for aid in FY16 as in FY15.

Moreover, a small percentage of the incremental revenue generated by domestic non-residents has been used for a pilot program offering scholarships to domestic non-residents. The decision to start this scholarship program was motivated by a desire to maintain our current level of non-resident enrollments given that this population, in effect, subsidizes the financial aid and basic educational costs for resident students.

In addition, waivers that represent foregone revenue help many students pay for tuition. The largest group of these waivers is automatically awarded to students with graduate student service appointments.

A decision was reached between UW administration and Intercollegiate Athletics (ICA) for the 2014-15 academic year that ICA would begin to take over the cost of the ICA gender equity waivers. For 2014-15 and 2015-16, ICA is covering half of the cost of these waivers. The amount to be covered by ICA (which would have represented foregone revenue) will be used as additional aid for undergraduate residents on a temporary basis, to be reviewed annually with Regents.

---

4 A comparison to last year shows a change in aid from undergraduate residents as a percentage of gross revenue from 16 to 17 percent; this change is simply an artifact of calculation methodology and rounding error. The actual change is from 16.4 to 16.6 percent.
Given these policies, the lack of an increase in undergraduate resident tuition, and the increases for all other categories, we expect the tuition revenue and financial aid allocations summarized in Table 8.

Table 8: 2015-16 Gross Tuition, Tuition-Based Aid, and Net Operating Fee Revenue

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>FTE</th>
<th>Undergraduate</th>
<th>Graduate/Professional</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Resident</td>
<td>Nonresident</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>26,213</td>
<td>9,050</td>
<td>35,263</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,027</td>
<td>5,868</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,895</td>
</tr>
<tr>
<td>Total FTE</td>
<td></td>
<td>27,227</td>
<td>9,850</td>
<td>37,077</td>
<td>47,158</td>
</tr>
<tr>
<td>Total Tuition</td>
<td>290,617,000</td>
<td>294,229,000</td>
<td>584,846,000</td>
<td>97,586,000</td>
<td>151,122,000</td>
</tr>
<tr>
<td>Less Building Fee</td>
<td>15,058,000</td>
<td>11,908,000</td>
<td>26,966,000</td>
<td>3,581,000</td>
<td>5,138,000</td>
</tr>
<tr>
<td>Op Fee Charged</td>
<td>273,093,000</td>
<td>279,893,000</td>
<td>552,986,000</td>
<td>93,235,000</td>
<td>145,279,000</td>
</tr>
<tr>
<td>State-Mandated Return to Aid</td>
<td>10,501,000</td>
<td>11,143,000</td>
<td>21,644,000</td>
<td>3,237,000</td>
<td>2,969,000</td>
</tr>
<tr>
<td>University of Washington Aid</td>
<td>32,853,664</td>
<td>15,466,019</td>
<td>48,319,683</td>
<td>809,240</td>
<td>742,293</td>
</tr>
<tr>
<td>Waivers - Foregone Revenue</td>
<td>2,314,000</td>
<td>1,772,000</td>
<td>4,086,000</td>
<td>9,320,000</td>
<td>68,450,000</td>
</tr>
<tr>
<td>Net Operating Fee Revenue</td>
<td>227,424,336</td>
<td>251,511,981</td>
<td>478,936,317</td>
<td>79,868,760</td>
<td>152,986,467</td>
</tr>
<tr>
<td>Total Aid from Group</td>
<td>45,668,664</td>
<td>28,381,019</td>
<td>74,049,683</td>
<td>17,127,297</td>
<td>75,467,596</td>
</tr>
<tr>
<td>Aid from Group as % of Gross</td>
<td>17%</td>
<td>10%</td>
<td>13%</td>
<td>18%</td>
<td>52%</td>
</tr>
<tr>
<td>Total Aid to Group</td>
<td>61,765,778</td>
<td>10,772,191</td>
<td>72,537,969</td>
<td>25,656,831</td>
<td>68,450,416</td>
</tr>
<tr>
<td>Aid to Group as % of Gross</td>
<td>23%</td>
<td>4%</td>
<td>13%</td>
<td>28%</td>
<td>47%</td>
</tr>
</tbody>
</table>

1More than 75% of waivers representing foregone revenue are provided to graduate teaching and research assistants as function of their appointment.

Nonresident undergraduates continue to contribute considerably more financial aid than is awarded to them; they generate $28.4 million in financial aid funds but are awarded only $10.8 million. With the change in tuition rates, the percentage of net operating fee revenue generated by nonresident undergraduates increased from 37 to 40 percent. Associated with this is an increasing contribution of nonresident undergraduates to resident undergraduate aid, which accounts for the increase in aid to resident undergraduates as a percentage of gross revenue from 21 to 23 percent. Since financial aid must cover other costs of attendance in addition to tuition, and since the other costs of attendance will increase (even as tuition decreases), the nonresident undergraduate contribution will help to ensure continued access for resident undergraduates.

Other Significant Changes in University Operating Resources

Tuition and financial aid significantly affect total revenue projections in the University Operating Resources budget, referred to as General Operating Funds and Designated Operating Funds (GOF and DOF). However, the UW’s receipt of indirect cost recovery (ICR) from grants and contracts which provide reimbursement for institutional expenses associated with our research activity contributes significantly to central funds.

In the coming year, UW administration projects an increase of $5 million in ICR over the FY15 value of $233 million. ICR reimbursements reflect prior awards of grants and contracts and currently, through most of FY15, awards are relatively flat. As such, we believe that current receipts of ICR in FY15 serve as a fair projection for the coming fiscal year. However, we also know that another round of federal sequestration is a possibility. As such, we are budgeting $238 million of ICR for the coming fiscal year.
Research Enterprise

Though awards in FY15 continue to trend better than expectations, UW administration believes that direct expenditures on grants and contracts in FY16 will remain flat. Generally, we remain cautious in regards to growth of direct expenditures on grant and contract budgets as the federal government could, once again, face sequestration in the coming federal fiscal year. As a result, the FY16 proposed budget assumes no change in research enterprise expenditures.

Restricted Funds

Expenditures for nearly all gifts and state restricted funds can only be used for the purposes specified by the granting agency or donor or the Washington State Legislature.

Gift income and endowment distribution revenue presented in the operating budget does not provide a comprehensive view of the future years of endowment support. FY16 revenue is only representative of one year of distribution activity. Based on the Board of Regents’ approved endowment distribution policy of 5 percent of average quarter market value, we are projecting an endowment distribution of $139.7 million (which includes the 1 percent set-aside to offset endowment-related expenses in Treasury and Advancement). Gift income represents anticipated expenditures against “current use” gifts. This year, we project $120 million in gift income.

The majority of the “state restricted funds” line item is comprised of the Accident and Medical Aid account revenue, which will continue to benefit the School of Public Health for specific activities performed by the Department of Environmental Health in FY16. This category also includes $196,000 for Shellfish Biotoxin Monitoring, $775,000 for Ocean Acidification work, $454,000 of marijuana account funds for research and education on the effects of marijuana use, in accordance with the language of citizen’s Initiative 502.

UW Medicine Health System

The UW Medicine health system is comprised of several partner entities, hospitals, and other, related, medical operations. The system is comprised of many entities with different financial relationships to the UW. However, the sum of all proposed budgets for every entity is displayed for information purposes. Recall that leadership from UW Medicine provides a separate annual report to Regents on the financial health of UW Medicine.

Auxiliaries / Self-Sustaining Activities

The University’s large, self-sustaining auxiliary business enterprises include Educational Outreach, Housing and Food Services, Intercollegiate Athletics, and Parking and Transportation Services. In consultation with experts in these entities, UW administration determined that these entities are all financially stable and modest growth is expected in FY15. Note that the University charges institutional overhead to these units to recover the cost of central services. Each of the primary auxiliary units of the University are separately reviewed and approved by the Board in standalone items.

In addition to the auxiliary units of the University, schools, colleges, and academic support units operate self-sustaining activities. Broadly defined as including those funded by sales of goods and services or by other revenue-generating activities, these budgets are charged overhead in most cases, and are monitored monthly for deficits. Self-sustaining budget activity in schools, colleges, and Bothell and Tacoma is now segregated from the same activity generated by academic support units for ease of review.

Over 380 departments operate self-sustaining activities. Educational Outreach is represented as only one department in this count, though it actually operates 102 departments.
**Table 9. FY 2016 Proposed Budget - Revenues and Expenditures by Fund and Category**

<table>
<thead>
<tr>
<th>Revenue and Expenditure by Fund</th>
<th>FY16 Proposed</th>
<th>FY15 Adopted Budget*</th>
<th>Change FY15 to FY16</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>University Operating Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General Operating Fund:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>291,886,000</td>
<td>246,471,000</td>
<td>45,415,000</td>
<td>18%</td>
</tr>
<tr>
<td>Tuition Operating Fee Revenue</td>
<td>625,502,600</td>
<td>608,730,000</td>
<td>16,772,600</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Designated Operating Fund:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>238,000,000</td>
<td>233,000,000</td>
<td>5,000,000</td>
<td>2%</td>
</tr>
<tr>
<td>Institutional Overhead</td>
<td>24,000,000</td>
<td>24,000,000</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Remaining DOF</td>
<td>83,379,046</td>
<td>82,035,000</td>
<td>1,344,046</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>1,262,767,646</td>
<td>1,194,236,000</td>
<td>68,531,646</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>1,262,767,646</td>
<td>1,194,236,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Research Enterprise</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Research Enterprise Revenue</strong></td>
<td>1,114,898,000</td>
<td>1,114,898,000</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Research Enterprise Expenditures</strong></td>
<td>1,114,898,000</td>
<td>1,114,898,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gift Income &amp; Endowment Distributions</td>
<td>259,700,000</td>
<td>243,800,000</td>
<td>15,900,000</td>
<td>7%</td>
</tr>
<tr>
<td><strong>State Restricted Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biotoxin Acct (Shellfish Monitoring)</td>
<td>195,000</td>
<td>195,000</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Aquatic Lands Enhancement Account</td>
<td>775,000</td>
<td>350,000</td>
<td>425,000</td>
<td>122%</td>
</tr>
<tr>
<td>Geoduck Aquaculture Acct</td>
<td>0</td>
<td>150,000</td>
<td>(150,000)</td>
<td>-100%</td>
</tr>
<tr>
<td>Economic Development Strategic Reserve Acct</td>
<td>1,504,000</td>
<td>1,500,000</td>
<td>4,000</td>
<td>0.27%</td>
</tr>
<tr>
<td>Dedicated Marijuana Acct-State</td>
<td>227,000</td>
<td>0</td>
<td>227,000</td>
<td>100%</td>
</tr>
<tr>
<td>Accident Account</td>
<td>3,480,000</td>
<td>3,327,000</td>
<td>153,000</td>
<td>5%</td>
</tr>
<tr>
<td>Medical Aid Account</td>
<td>3,328,000</td>
<td>3,254,000</td>
<td>74,000</td>
<td>2%</td>
</tr>
<tr>
<td><strong>State Restricted Funds Total</strong></td>
<td>9,509,000</td>
<td>8,776,000</td>
<td>733,000</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total Restricted fund Revenue</strong></td>
<td>269,209,000</td>
<td>252,576,000</td>
<td>16,633,000</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total Restricted fund Expenditures</strong></td>
<td>269,209,000</td>
<td>252,576,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UW Medicine health system (Preliminary)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UW Medical Center</td>
<td>1,118,088,000</td>
<td>1,016,000,000</td>
<td>102,088,000</td>
<td>10%</td>
</tr>
<tr>
<td>Harborview Medical Center**</td>
<td>920,350,000</td>
<td>830,000,000</td>
<td>90,350,000</td>
<td>11%</td>
</tr>
<tr>
<td>Valley Medical Center</td>
<td>546,172,000</td>
<td>489,000,000</td>
<td>57,172,000</td>
<td>12%</td>
</tr>
<tr>
<td>NW Hospital</td>
<td>375,377,000</td>
<td>342,000,000</td>
<td>33,377,000</td>
<td>10%</td>
</tr>
<tr>
<td>UW Physicians</td>
<td>311,690,000</td>
<td>269,000,000</td>
<td>42,690,000</td>
<td>16%</td>
</tr>
<tr>
<td>Airlift NW</td>
<td>48,891,000</td>
<td>43,000,000</td>
<td>5,891,000</td>
<td>14%</td>
</tr>
<tr>
<td>UW Neighborhood Clinics</td>
<td>42,647,000</td>
<td>37,000,000</td>
<td>5,647,000</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total UW Medicine Health System Revenue</strong></td>
<td>3,363,215,000</td>
<td>3,026,000,000</td>
<td>337,215,000</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total UW Medicine Expenditures</strong></td>
<td>3,363,215,000</td>
<td>3,026,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Auxiliary/ Self-Sustaining Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing and Dining (Seattle campus)</td>
<td>112,794,800</td>
<td>99,426,000</td>
<td>13,368,800</td>
<td>13%</td>
</tr>
<tr>
<td>Intercollegiate Athletics</td>
<td>109,510,000</td>
<td>103,886,000</td>
<td>5,624,000</td>
<td>5%</td>
</tr>
<tr>
<td>Educational Outreach</td>
<td>107,209,000</td>
<td>105,900,000</td>
<td>1,309,000</td>
<td>1%</td>
</tr>
<tr>
<td>Parking</td>
<td>39,782,000</td>
<td>37,943,000</td>
<td>1,839,000</td>
<td>5%</td>
</tr>
<tr>
<td>UW Bothell &amp; UW Tacoma</td>
<td>22,600,000</td>
<td>18,500,000</td>
<td>4,100,000</td>
<td>22%</td>
</tr>
<tr>
<td>Additional academic self-sustaining activities</td>
<td>326,250,000</td>
<td>297,704,000</td>
<td>28,546,000</td>
<td>9.51%</td>
</tr>
<tr>
<td>Additional academic support self-sustaining activities</td>
<td>151,808,000</td>
<td>151,796,000</td>
<td>12,000</td>
<td>0.08%</td>
</tr>
<tr>
<td><strong>Total Auxiliary/Self-Sustaining Revenue</strong></td>
<td>869,953,800</td>
<td>815,155,000</td>
<td>54,798,800</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total Auxiliary/Self-Sustaining Expenditures</strong></td>
<td>869,953,800</td>
<td>815,155,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total University Revenue</strong></td>
<td>6,880,043,446</td>
<td>6,402,865,000</td>
<td>477,178,446</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total University Expenditure</strong></td>
<td>6,880,043,446</td>
<td>6,402,865,000</td>
<td>477,178,446</td>
<td>7%</td>
</tr>
</tbody>
</table>

*FY15 adopted represents approved budgeted totals, not actuals. **HMC is managed by UWMC, but appears on King County’s financial statement.*
University Operating Resources: Sources and Uses

Budget Priorities

Last fall, then-Provost Ana Mari Cauce released a letter initiating the Provost Budget Development cycle, which evolved into a lengthy budget review and consultation process involving students, faculty, staff, and executive leadership. The correspondence highlighted her priorities for the coming fiscal year; these priorities are now shared and articulated by Interim Provost Gerald Baldasty. These priorities include, in ranked order:

1. Provide equitable compensation
2. Fund areas of critical compliance
3. Invest in institutional priorities for students, faculty, and staff
4. Transform and streamline administration

University Operating Resources Budget

Table 10 highlights the sources of two primary funds, General Operating Funds and Designated Operating Funds. Over the course of the summer, final decisions will be made in regards to merit increases for faculty and staff. In addition, Provost Reinvestment Fund decisions will made and released to campus.

Table 10. University Operating Resources Budget for FY16 - Sources

<table>
<thead>
<tr>
<th>FY 2016 University Operating Budget (Activity Based Budgeting Rules Apply)</th>
<th>FY16 Proposed Budget</th>
<th>FY 15 Adopted Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Operating Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State General Fund</td>
<td>291,886,000</td>
<td>246,471,000</td>
</tr>
<tr>
<td>Tuition Operating fee</td>
<td>625,502,600</td>
<td>608,730,000</td>
</tr>
<tr>
<td>Total GOF</td>
<td>917,388,600</td>
<td>855,201,000</td>
</tr>
<tr>
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<td>EXPENSES</td>
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<td>Incremental Tuition Allocation to Schools/Colleges</td>
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**Legislative Directives (Near General Fund State Only)**

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<td>Maintenance level central service changes</td>
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**Other Adjustments**

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<td>Increase in Summer Quarter Costs (UWB/UWT and UW Seattle)</td>
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<td>Institutional Support for Title VI - Foreign Languages and Cultures</td>
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<td>Childcare Operations Support</td>
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<td>Miscellaneous Fee Distributions (UG application Fee)</td>
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<td>Incremental ICR ABB Allocations</td>
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<td>Additional Utilities Expense</td>
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<td>Additional Operations Support for Disabled Students/Employees</td>
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<td>Set aside for 4545 Debt Service starting FY2017</td>
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<td>Transportation subsidy</td>
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**Total Projected GOF/DOF Uses**

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**Use of Fund Balance - HR/Payroll**

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<th>Amount</th>
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<td>6,400,000</td>
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</table>
The proposed FY16 UW Capital Budget summarizes capital projects to be funded by State of Washington Building Construction bonds, the UW Building Account, UW local funds, and proposed debt.

Major capital projects over $15 million shown in the capital budget will return to the Board of Regents for approval on an individual project basis.

One Capital Plan

In preparation for the proposed FY16 Capital Budget, the UW 10 Year Capital Plan has been updated and is provided for information in Appendix 1. The UW Capital Plan summarizes major proposed capital needs and aggregate minor capital needs for all UW enterprises, including UW Seattle, UW Bothell, UW Tacoma, UW Auxiliary Units (Educational Outreach, Housing and Food Services, Intercollegiate Athletics, Parking and Transportation Services), and UW Medicine. The Capital Plan identifies potential projects in the 2015-17 biennium and the next ten years. Projects are presented in four categories: State Funding Priorities, Fundamental Projects, Funding Potential, and Funding Opportunities. The first three categories anticipate potential capital funding within the next 10 years. The last category represents additional capital needs that extend beyond 10 year capital funding expectations.

The 10 Year Capital Plan has been updated further since presentation of the draft in May. Impacted projects and associated funding plans are highlighted for ease of identification. The plan has been revised to reflect funds appropriated in the 2015-17 state capital budget. A number of projects have also been moved from Tier II (Funding Potential) to Tier III (Future Funding Opportunities) to align with more realistic funding expectations. Many of these projects are dependent on donor funding, and/or favorable conditions to enable debt financing or state funding in future years. Prioritization of these projects would be re-evaluated as funding outlook improves.

Debt Capacity Estimate

Each year, based on audited financial statements and projections of future revenues and expenses, the Treasury Office estimates institutional debt capacity. This estimate is for a five year period and can increase or decrease each year based on actual performance, new obligations, changes in projections, and repayment of debt. This estimate is used by Planning and Management to prioritize debt funded capital within the One Capital Plan. Every debt funded project brought forward to the Board for approval looks at both the business plan for the project and the effect on institutional debt capacity.

In consideration of debt capacity limitations, a number of debt funded projects originally proposed in the capital plan for 2015-17 have been deferred to later years, including Metropolitan Tract Acquisition, Strategic Real Estate Investment, Parking Improvements, and the ICA Basketball Operations Center, Gymnastic Practice and High Performance Training Facilities.

Fiscal Year 2016 Capital Budget

The UW Capital Budget identifies fund sources for all UW capital projects including State of Washington Building Construction bonds, UW Building Account funds, UW local funds and proposed UW debt.

The proposed UW FY16 Capital Budget, shown in Table 12 is updated with 2015-17 State Capital Budget bill appropriations. State appropriated capital funds continue to be critical to the UW Capital Budget. However, as
the state’s ability to provide capital funding diminishes, the UW increasingly relies on other fund sources, including UW-issued debt, to finance capital projects at the UW.

**State Appropriated Funds**

The final Legislative Capital Budget appropriates $76.3 million in new funding from State Building Construction Account for major projects. This includes appropriations for the Computer Science & Engineering Expansion ($17.5 million\(^5\)), Burke Museum ($26 million), UW Tacoma Urban Solutions Center ($16 million), and predesign funds for UW Bothell - Phase 4 - Academic STEM ($500,000).

Funding for Health Sciences related projects include MHSC T-wing Renovation predesign ($623,000), Nursing Simulation Learning Lab ($4 million), and Interprofessional Education (IPE) Classroom ($2.71 million). The budget also appropriates $9 million for the Center for Advanced Materials and Clean Energy Research Test Beds.

Funding was not appropriated for two UW requested projects: Life Sciences Building, and Lewis Hall Renovation.

The final budget appropriates $28.175 million from the UW Building Account to fund Minor Capital Repair - Preservation to support the preservation and renewal of facilities across all three campuses. Projects in this category include infrastructure upgrades, building repairs, utilities and site work repair, life safety, and classroom improvements. Preventative Facility Maintenance and Building System Repairs ($25.8 million) shifts resources from the capital budget to provide operating resources for UW preventative facility maintenance on the UW Seattle campus.

The final budget also appropriates $1 million to fund ongoing UW Tacoma Soil Remediation.

A comparative summary of proposed legislative capital budgets is attached in Table 11.

---

\(^5\) $17.5 million in state funding in addition to $15 million repurposed from internal funds (UW Building Account).
Table 11. Comparison of Proposed Capital Budgets to Final Legislation

<table>
<thead>
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<td>State Funds</td>
<td>UW Building Account</td>
<td>State Funds</td>
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<td>2. Health Sciences Education Phase I - T Wing Renovation/Addition</td>
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<td>623</td>
<td>623</td>
<td>623</td>
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<tr>
<td>3. CoE - Computer Science &amp; Engineering Expansion</td>
<td>40,000</td>
<td>40,000</td>
<td>6,033</td>
<td>32,500</td>
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<td>4. CAS - Life Sciences Building I</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>5. UW Tacoma - Urban Solutions Center - Classroom Building Renovation</td>
<td>18,000</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td>6. SON - Nursing Simulation Learning Lab</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
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<tr>
<td>7. Health Sciences Interprofessional Education Classroom Phase I</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>2,710</td>
<td>2,710</td>
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<td>1,000</td>
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<td>9. CAS - Lewis Hall Renovation</td>
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<td>16,000</td>
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<td>10. UW Bothell - Phase 4 - Academic STEM</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>- Burke Museum</td>
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<td>16,000</td>
<td>26,000</td>
<td>46,200</td>
<td>26,000</td>
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<td>21. CoE - Center for Advanced Materials and Clean Energy Technologies</td>
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<td>6,578</td>
<td>-</td>
<td>-</td>
<td>9,000</td>
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</tbody>
</table>

Other New Appropriations

| Preventative Facility Maintenance and Building System Repairs | - | - | 25,825 | - | 25,825 | - | 25,825 | - | 25,825 | - |
| Higher Education Preservation Information | - | - | - | 116 | - | 116 | - | 116 | - |
| Clean Energy Research Test Beds | - | - | 12,000 | - | - | - | - | - | incl |

New 2015-17 Appropriations Total | 258,500 | 69,000 | 98,201 | 69,000 | 1,000 | 41,156 | 43,175 | - | 102,033 | 43,175 | 1,000 | 76,333 | 69,116 | 1,000 |

Reappropriations

| Denny Hall Renovation | 27,590 | 27,590 | - | - | 27,300 | - | 27,300 | - | 27,300 | - |
| Minor Capital Repair - Preservation | - | 4,200 | - | - | - | 4,200 | - | 4,200 | - | 4,200 | - |
| Higher Education Preservation Information | - | - | - | - | - | - | 116 | - | - | - |
| UW Tacoma - Urban Solutions Center - Classroom Building Renovation | 500 | 500 | - | - | 500 | - | 500 | - | 500 | - |
| CAS - Lewis Hall Renovation | 200 | 200 | - | 150 | - | 150 | - | 150 | - | - |
| Burke Museum | 650 | 650 | - | 650 | - | 650 | - | 650 | - |

Grand Total | 267,440 | 73,200 | 127,141 | 69,000 | 1,000 | 69,756 | 73,432 | - | 130,633 | 73,316 | 1,000 | 104,933 | 73,316 | 1,000 |

Local Funds

The proposed FY16 budget identifies $290.1 million in local funds, from sources including sponsored research indirect cost recovery, the UW Medical Center, revenue from Auxiliary Units, donations, and grants from partners. The local funds from Auxiliary Units and the UW Medical Center are designated for their highest capital priorities. Funds from sponsored research indirect cost recovery are used to fund improvements to infrastructure, facilities to support research and academic programs, and institution-wide capital planning initiatives.

Potential Debt

Approximately $493.5 million of potential debt funding is proposed to implement major capital investments in an expansion of research in life sciences and medicine, student housing, athletics, major parking and infrastructure improvements, and property acquisition and recapitalization.
A summary of major capital projects likely to come before the Board of Regents for review and approval in FY16 is provided below; some of these projects may have a component of debt funding. Note that the estimated project costs may change as more information becomes available. Per policy, major capital projects over $15 million will return to the Board of Regents for approval on an individual project basis.

- **Athletics**
  - Intercollegiate Basketball Operations and Practice Center, $60 million

- **Clinic**
  - UW Medical Center, Northwest Hospital Expansion, $85 million

- **Housing**
  - UW Bothell, Student Housing & Dining Phase 2, $80 million
  - UW Seattle, Student Housing, North Campus, Phase IVA, $216 million
  - UW Seattle, Student Housing, North Campus, Phase IVB, $157 million

- **Infrastructure**
  - Enterprise Information System, Student/Financial System Replacement, $100 million
  - Major Infrastructure, Electrical Power Distribution Systems, $61.5 million
  - Major Infrastructure, Energy Recovery and Distribution Systems, $65 million

- **Instruction**
  - Burke Museum, $75 million
  - College of Engineering, Computer Science and Engineering Expansion, $110 million
  - Evans School, Parrington Hall Remodel, $38.5 million
  - Foster School of Business, MacKenzie Hall Replacement, $85 million
  - Health Sciences Education Phase 1, MHSC T Wing Renovation/Addition, $94 million
  - School of Dentistry, Dental School Building, $156 million
  - UW Bothell Phase 4, Academic STEM Building, $75 million
  - UW Tacoma, Urban Solutions Center, Classroom Building Renovation, $35 million

- **Research**
  - College of Arts & Sciences, Life Sciences Building, $160.5 million
  - School of Medicine, South Lake Union Phase 3.2, $143 million
  - College of Engineering, Nano Engineering and Sciences – Shelled Lab Build-out, $26 million
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<th>Project Name</th>
<th>State Bldg Const Acct</th>
<th>UW Bldg Account</th>
<th>Local Funds</th>
<th>Potential Debt</th>
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<td>ICA - Basketball Operations and Practice Center</td>
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<td>ICA - Gymnastics Practice Facility</td>
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<td>ICA - High Performance Training Facility</td>
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<td>Clinic</td>
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<tr>
<td>SoN - Nursing Simulation Learning Lab</td>
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<td>UW Bothell - Phase 4 - Academic STEM</td>
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<p>| Fund Source ($,000)                                              | 77,333                | 69,000         | 290,140     | 493,500        | 929,973      |</p>
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<th>Potential Capital 2017 and Beyond by Fund Source</th>
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### I FUNDAMENTAL PROJECTS

#### Clinic

- UW Medicine - IT Core Applications and Infrastructure: 149,500, 29,500
- Infrastructure: 100,000, 20,000
- Major Infrastructure - Energy Recovery and Distribution Systems: 65,000, 5,000
- Metropolitan Tract Acquisition & Recapitalization: 50,000, 0

#### Infrastructure

- Enterprise Information System - Student/Financial System Replacement: 151,628, 41,628
- Major Infrastructure - Energy Recovery and Distribution Systems: 65,000, 5,000

#### Student Life

- Childcare Center Expansion: 2,000, 1,000

### II PROPOSED PROJECTS - FUNDING POTENTIAL

#### Athletics

- ICA - Athletics Village WiFi Expansion: 10,000
- ICA - Basketball Operations and Practice Center: 60,000
- ICA - Conibear Shellhouse Training Table: 4,023
- ICA - Graves Hall Roof Replacement: 2,000
- ICA - Gymnastics Practice Facility: 8,400
- ICA - High Performance Training Facility: 2,900
- ICA - Nordstrom Tennis Center Roof Replacement: 4,200
- ICA - Scoreboards - New and Replacement: 3,000

#### Housing

- Student Housing - North Campus - Phase IVA: 216,000
- Student Housing - North Campus - Phase IVb: 164,000
- UW Bothell - Student Housing & Dining Phase 2: 50,000
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<th>Gross Square Feet</th>
<th>Prior Biennium</th>
<th>Total Funding ($,000)</th>
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<td>UW Tacoma - Student Housing Development</td>
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<tr>
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<td>Core Research Facilities - Neurophysiological Laboratory Alterations I Wi</td>
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<td>Core Research Facilities - WaNPRC Cagewash Upgrade</td>
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<td>-</td>
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<tr>
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<td>Health Sciences Freezer Farm</td>
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<td>20%</td>
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<td>-</td>
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<td>96</td>
<td>SoM - South Lake Union Phase 3.2</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>97</td>
<td>SoM - South Lake Union Rosen Remodel</td>
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<td>15%</td>
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<td>-</td>
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<tr>
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<td>Student Life</td>
<td>2,500</td>
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<td>-</td>
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<tr>
<td>99</td>
<td>UW Bothell - Student Activity Center Phase 2</td>
<td>150,000</td>
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</table>

SubTotal: 1,722,565

III PROPOSED PROJECTS - FUTURE FUNDING OPPORTUNITIES

Athletics

100 ICA - Basketball Donor Room | 2,400 | 20% | 11,405 | - | - | - | - | - | - | 4,200 | - |
101 ICA - Landscape and Wayfinding Improvements | 9,130 | 20% | 120,000 | - | - | - | - | - | - | 9,130 | - |
102 ICA - Sand Volleyball Facility | 2,200 | 20% | 38,400 | - | - | - | - | - | - | 2,200 | - |
103 ICA - Soccer Stadium Grandstand and Support Facilities | 25,000 | 20% | 32,800 | - | - | - | - | - | - | 25,000 | - |
104 ICA - Softball Indoor Training Facility | 5,000 | 20% | 7,380 | - | - | - | - | - | - | 5,000 | - |
105 ICA - Softball Press Box and Stadium Roof | 3,000 | 20% | 612 | - | - | - | - | - | - | 3,000 | - |
106 ICA - Track and Field Grandstands | 14,500 | 20% | 30,925 | - | - | - | - | - | - | 12,500 | 2,600 |

Clinic

107 UW Medicine - Northwest Hospital Expansion | - | 20% | 150,000 | - | - | - | - | - | - | 150,000 | - |

Housing

108 UW Bothell - Student Housing Phase 3 | 55,000 | 20% | 110,000 | - | - | - | - | - | - | 55,000 | - |

Infrastructure

109 Major Infrastructure - Campus Landscape Improvements | 40,000 | 20% | - | - | - | - | - | - | - | 40,000 | - |
110 Major Infrastructure - Rainer Vista Corridor Improvements | 26,000 | 20% | 4,000 | - | - | - | - | - | - | 11,000 | 11,000 | - |
111 Parking - North Campus Garage | 15,000 | 20% | - | - | - | - | - | - | - | - | 15,000 | - |
112 Parking - South Campus S1 Garage Replacement | 40,000 | 20% | 270,000 | - | - | - | - | - | - | - | 40,000 | - |
113 Parking - UW Tower Garage Replacement | 24,000 | 20% | 229,000 | - | - | - | - | - | - | - | 24,000 | - |
114 UW Tacoma - Campus Parking Structure | 16,000 | 20% | 150,000 | - | - | - | - | - | - | - | 2,000 | 14,000 |
115 UW Tacoma - Campus Services Building | 6,000 | 20% | 20,000 | - | - | - | - | - | - | - | 6,000 | - |
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<tr>
<th>Line</th>
<th>Project Name</th>
<th>Tier / Program Use</th>
<th>State Budget Priority</th>
<th>Gross Square Feet</th>
<th>Estimated Range (+/-)</th>
<th>Total Funding ($,000)</th>
<th>Prior Biennium</th>
<th>Proposed Capital 2015-2017 by Fund Source</th>
<th>Potential Capital 2017 and Beyond by Fund Source</th>
<th>Gross Total</th>
<th>Estimated Range (+/-)</th>
<th>Total Funding ($,000)</th>
<th>Prior Biennium</th>
<th>Proposed Capital 2015-2017 by Fund Source</th>
<th>Potential Capital 2017 and Beyond by Fund Source</th>
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<td>116</td>
<td>CAS - Communications Building Renovation I</td>
<td></td>
<td></td>
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<td>-</td>
<td>21,000</td>
<td>-</td>
<td>21,000</td>
<td>20%</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>117</td>
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<td></td>
<td></td>
<td>189,000</td>
<td>20%</td>
<td>150,000</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>20%</td>
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<td>-</td>
<td>-</td>
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<td>20%</td>
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<tr>
<td>119</td>
<td>CAS - Hutchinson Hall Renovation</td>
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<td>-</td>
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<tr>
<td>120</td>
<td>CAS - Padelford Hall Renovation</td>
<td></td>
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<td>138,555</td>
<td>20%</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>20%</td>
<td>44,000</td>
<td>-</td>
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<tr>
<td>121</td>
<td>CAS - School of Music Performance Hall</td>
<td></td>
<td></td>
<td>100,000</td>
<td>20%</td>
<td>75,000</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>122</td>
<td>CAS - Smith Hall Renovation</td>
<td></td>
<td></td>
<td>86,339</td>
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<tr>
<td>123</td>
<td>CAS - Thompson Hall Renovation</td>
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<td>-</td>
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<tr>
<td>124</td>
<td>CoEduc - Haring Center for Education Research and Teaching</td>
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<td></td>
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<td>UW Bothell - Phase 6 - Academic Building</td>
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<td>UW Libraries - Fine Arts Library</td>
<td></td>
<td></td>
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<td>60,000</td>
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<td>CoE - Center for Interdisciplinary Research &amp; Education - Phase II</td>
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<td>CoEnv - UW/NOAA/Partners Building</td>
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<td>OMAD - Center for Student Success - Instructional Center Renovation &amp;</td>
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<td>141</td>
<td>Student Life - Waterfront Activities Center Renovation</td>
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<td>1,861,100</td>
<td>1,661,100</td>
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RECOMMENDED ACTION

It is the recommendation of the Chair of the Board of Regents and the Presidential Search Advisory Committee that the Regents approve the Presidential Leadership Profile as drafted and delegate authority to the Board Chair to make minor edits, if needed.

BACKGROUND

The Leadership Profile is intended to guide the search for the next President of the University of Washington.

This document presents the expectations for leadership and preferred qualities and qualifications of the next President. It will be incorporated into a more expansive document that additionally profiles the University and its many attributes. The broader profile is currently being developed by the UW’s Marketing and Communications team.

The Leadership Profile was prepared by the Search Consultant, based on feedback from faculty, staff, students, and community members through open forums, meetings, an on-line survey, and other conversations. The twenty-eight person Presidential Search Advisory Committee, comprised of members from many areas of campus and community, including four Regents, reviewed the Profile and provided input on its content.

Attachment
University of Washington Presidential Leadership Profile – Draft 7.8.15
University of Washington
PRESIDENTIAL LEADERSHIP PROFILE – Draft 7.10.15

Note: This document presents the expectations for leadership and preferred qualities and qualifications of the next UW President. It will be incorporated into a much more expansive document that additionally profiles the University and its many attributes; this broader profile is currently being developed by the UW’s Marketing & Communications team.

The Opportunity

The Board of Regents of the University of Washington is seeking nominations and applications for the position of President.

The University of Washington is one of the world’s preeminent public research universities ranked No. 14 among all global universities in the 2015 U.S. News and World Report, No. 15 in the Academic Ranking of World Universities, and second in external research support among all national universities. It is a significant contributor to the economic vitality of the nation and workforce needs of the state of Washington and the Pacific Northwest. Comprised of three campuses in Seattle, Bothell and Tacoma, along with an expanding presence in Spokane and a statewide network of additional programs and outreach, the UW educates more than 54,000 students annually and provides a comprehensive portfolio of academic and co-curricular programs that prepare and engage Washington’s and the world’s top students. The UW is a thriving center of education, research and innovation in multiple fields and attracts exemplary faculty and a highly diverse student population. The UW also hosts a world-class hospital system that supports renowned health science education programs and serves the health care needs of the people of the state of Washington and the surrounding region.

The Board of Regents is seeking an experienced, forward-looking and progressive leader with an evident passion for — and personal commitment to — the UW’s mission and future. The UW’s next President will be presented with a robust agenda of strategic priorities. This agenda and the many other initiatives underway at the UW should be crafted by the new President into a thoughtful, but actionable, strategic plan that thoroughly maps out the University’s aspirations for the subsequent 5-7 years, as well as presenting a detailed implementation framework for the plan’s achievement. The immediate leadership priorities include:

- Strengthen the engagement and enthusiasm of faculty, students and staff in growing and raising standards of excellence throughout the University, and ensure continued success in attracting and retaining world-class faculty, staff and students
- Continue to develop the Bothell and Tacoma campuses and provide leadership for ensuring coordination among the three campuses
- Strengthen perceptions and understanding of the UW’s contributions to the vitality of the state of Washington and of the University’s relationship with the state’s government officials and its citizens
- Drive an aggressive re-engineering of administrative and financial practices
- Build and strengthen relationships with business and community partners
• Bolster the resources necessary, through philanthropy, research and commercialization, for the UW to achieve strategic priorities, build world-class programs and seize emerging opportunities
• Make meaningful progress in improving the UW’s diversity, especially among staff and faculty

The President must present outstanding and inspiring leadership qualities in accomplishing these goals. He or she must have a strong capacity to serve as both a steward of the University’s resources and as the UW’s chief representative to the people and government of the state of Washington. Candidates should have a demonstrated ability to build consensus; experience in effectively managing a complicated, multi-faceted enterprise; a keen appreciation for new and emerging trends in higher education; and the ability to articulate a clear vision for the UW’s future. Above all, candidates should embrace the mission of this world-class public university and convey an absolute and genuine personal commitment to the UW’s success.

The University of Washington’s next President will be presented with the following opportunities for professional and personal fulfillment:

✓ Serve as the leader of one of the most accomplished public universities in the country and a global force in higher education and research
✓ Partner with an exceptional Board of Regents in defining and achieving the UW’s aspirations for future success
✓ Be a member of a truly world-class cohort of faculty, distinguished by their accomplishments in teaching, scholarship and service
✓ Interact with engaged, enterprising students who are appreciative of the UW’s academic and co-curricular programs, and who are eager to apply these resources to their own growth and development
✓ Oversee a world-class health sciences training and clinical system
✓ Oversee a nationally competitive Pac-12 athletic program
✓ Work closely with the region’s leaders — government, philanthropic, corporate, academic, media and community — in conveying the UW’s commitment to improving the quality of life and economic well-being of its citizens
✓ Work and reside in a vibrant metropolitan area that provides the highest quality of life for a diversity of people, resources, ideas and activities

For information regarding how to make a nomination or express personal interest in this position, please see the section entitled Procedure for Candidacy near the end of this document.

Priorities for Presidential Leadership

Guided over the past decades by thoughtful planning and effective leadership, the University of Washington has gained — on its merits — a reputation as one of the world’s most impressive and accomplished public research institutions. The UW has enormous strengths in areas of research funding and worldwide contributions to the advancement of knowledge and innovation in health sciences education, training and clinical care; the depth and breadth of its academic schools and colleges; faculty prominence and productivity; student engagement and achievement; athletics; and
fundraising. These accomplishments are driven by a focus on the UW’s agenda to capitalize on its momentum, fulfill its promise, and effectively pursue its competitive advantages, such as its premier location in Seattle and the Puget Sound, and its strong academic culture of interdisciplinary innovation.

While these successes are admirable, the UW cannot stand still in today’s dynamic landscape of higher education, where conventional practices and business models are moving into new and uncharted territories. In order to further the UW’s prominence and fulfill its value proposition to the citizens of Washington, the next President must provide effective leadership in addressing our most pressing opportunities and challenges:

**Strengthen faculty, students and staff**

The UW is comprised of talented and dedicated faculty, students and staff. The University supports an environment of collaboration and shared governance, which are critical to maintain in the coming years. Faculty, students and staff join the administration and Regents in maintaining and enhancing excellence at every level and work together toward a joint vision of the future.

The next President, however, will be faced with several challenges to this environment. First, the University must address broad compensation issues that are a result of multiple years of constrained resources from the state. Second, a resource plan to retain and support world-class faculty and staff is essential to improve their effectiveness and working conditions. Third, the faculty and staff are aging and the University must plan for the recruitment and retention of new faculty and staff to maintain the UW’s global excellence.

Constrained resources, capacity issues and market dynamics also challenge the recruitment and retention of a diverse student body, including undergraduate, graduate and post-doctoral students. A plan for the University to provide greater access to a UW education, compete for the very best students and support them with appropriate financial aid is an essential agenda item for the next President.

**Continue to develop UW Bothell and UW Tacoma**

The UW Bothell and UW Tacoma campuses are now 25 years old. They have become vibrant and significant parts of the UW. Each campus enrolls about 5,000 students who are among the most diverse student bodies in the state of Washington. Constrained state resources, however, present challenges to these campuses growing their physical footprints to accommodate more students and faculty. The next President will have the opportunity to work with these campuses to determine the next phase of development and create a sustainable financial model. The President should also continue to integrate these campuses within the whole University of Washington constellation while maintaining their unique character.

**Strengthen and enhance the UW’s relationship with Washington’s leaders**

Over the years, the UW has built an internationally recognized profile of educational excellence, and there is no tolerance for any erosion of this status. The UW is also the school of choice for the
state’s top students, consistently attracting and enrolling the lion’s share of the market for undergraduates. And, as a public enterprise, the University is viewed highly favorably in statewide public opinion polling, higher than any other state institution. At the same time, however, state funding for public higher education has eroded over many years; the UW’s perceived contributions and commitment to the state of Washington and the University’s relevance to policy decisions are not universally understood. The UW is viewed by some state and local leaders as having prioritized its national and international agenda ahead of its commitment to the citizens of Washington.

While the UW will always be a global leader, the next President must rebuild the relationship between the University and state leaders and communicate clearly the vital role of the University in the state of Washington and local communities. The next President must proactively and consistently reach out to Washington’s elected officials to represent the University’s objectives and resource requirements and clearly communicate how meeting those objectives will benefit the state and its local communities. This advocacy agenda should also highlight the UW’s commitment to student access and affordability.

The President must be able to work in both state and local political settings and must appreciate the challenges faced by the governor, state legislators and local officials. The ability to navigate effectively in this environment will be important to securing public resources and as broader policy issues arise, impacting the UW’s ability to meet its mission. This includes the need to build relationships with the 29 federally recognized Indian tribes in Washington and our local and regional partners.

The President must be active and visible throughout the entire state. The opportunity exists for the UW President to utilize the University’s significant strengths, talents and accordant opportunities to play a leadership role in advocating on behalf of all of Washington’s public higher education institutions, including regional universities and community colleges. More than just visibility and advocacy, the UW must convene the conversations guiding policies and practices in higher education.

This outreach should also extend to Washington’s business, civic and community leaders, as well as the community itself. The Puget Sound region in particular has a proud tradition of outstanding civic engagement, fueled by many UW alumni, and the President will derive great value for the UW by integrating into this leadership network. A great example of this is the impact that the Tacoma campus has had in the revitalization of downtown Tacoma and the partnerships that campus has formed with local leaders. Finally, the President is viewed as a public leader within the state of Washington and nationally, and must possess the skills required to represent the university in this capacity.

**Drive administrative and financial efficiencies and effectiveness**

Like any international research university, the UW is a massive enterprise with a complex infrastructure of administrative and financial processes, people and technologies. The scope and scale of its business transactions requires significant support and, ideally, an ongoing assessment of the University’s delivery in these areas to ensure that all are working more efficiently and smarter.
In recent years, it has been recognized that this infrastructure must be significantly transformed in order to better respond to the needs of the UW’s internal and external clients. Specific concerns have been detailed about the UW’s planning and budget model, space and facilities utilization, administrative systems (finance, procurement, HR, student database), and staff development. These are all compounded by the historically decentralized nature of the University, which presents an obstacle to change.

A serious commitment has been made to an enterprise-wide reengineering of this infrastructure, and the next President needs to be an aggressive champion of continuous improvements here. The UW has recently converted its procurement system to a modern platform and similar investments are being made in the HR system. Beyond the technological enhancements, though, the UW’s leaders must continually seek out and implement best practices in all elements of finance and administration. It is the President’s role to set an expectation for a culture of service excellence and provide the clarity of direction that ensures both improved delivery of services and specific, measureable cost savings.

Build the UW’s resources

The University of Washington’s rise to prominence over the years has been fueled in large measure by private support. In the most recent 2013-14 fiscal year, donors contributed more money to the UW than any previous year in its history: a record-breaking $482 million, topping the previous fiscal year’s total by nearly $144 million. Contributions of various sizes from more than 108,000 donors helped the UW reach the new high, with more than 40,000 donors giving $99 or less. Private and family foundations contributed $117 million to support research, faculty, students and programs — marking the second time the UW has received more than $100 million in corporate and foundation donations.

The University’s most recent capital campaign concluded in 2008 with contributions of $2.7 billion. With the UW’s next campaign in the planning stages (with a target well in excess of the previous goal) the next President will be expected to personally invest the time and energy necessary to lead that campaign, including developing authentic and productive relationships with donors and volunteers and ensuring the infrastructure and resources for continued philanthropic success.

Beyond private philanthropy, the President must actively support the UW’s research mission and initiatives to ensure that its prominence in this area is sustained. In 2014, the UW’s contracts and grants totaled $1.36 billion — which represents a tripling of competitive research funding over the past two decades. As the UW and its peer research universities enter an era of more uncertain federal research funding, the UW President must lend his or her leadership to ensuring this critically important component of the University’s funding base is secure.

Forge external partnerships

As the percentage of public funding for higher education continues to decrease and research funding becomes tighter, the UW must intensify its revenue streams from the private sector. Beyond individual and institutional philanthropy, the opportunity exists for the UW to secure new
revenue from joint ventures with private enterprises. It is also important for the UW to be a good partner with the communities in which it operates.

A prominent example of this potential was announced in June 2015. The UW and China’s Tsinghua University have partnered to create the Global Innovation Exchange (GIX), a Seattle-based institute dedicated to educating the next generation of innovators. With $40 million in support from Microsoft, GIX will bring together students, faculty, professionals and entrepreneurs throughout the world to collaborate on real-world technology and design projects. The UW’s next President will oversee the deployment of this initiative and have the opportunity to showcase this initiative as a model for the next generation of university partnerships and funding.

On a more conventional, but equally promising basis, the UW will continue to exploit the commercialization of its powerful technology innovations and intellectual properties through higher levels of technology transfer, leveraging advancements in many disciplines, including computer science, engineering and the health sciences.

In addition, the President should forge strong relationships with local communities and place the University as a strong partner in community development in Seattle, Bothell, Tacoma and Spokane. The President will have the opportunity to help strengthen the UW as a major provider of health care for the entire Pacific Northwest through UW Medicine, the world-renowned UW School of Medicine and affiliated statewide enterprises.

Champion diversity and inclusion

The UW has worked diligently to build a diverse student body. However, that work is not complete. The next President must continue the effort to recruit, enroll, retain and graduate a diverse student body.

While the UW has made progress in diversifying the student population, it has fallen short of this goal in its profile of faculty and staff (including the senior leadership team). The new President must lend personal authority and passion to efforts to change this profile through national and international recruiting. A particular opportunity for enhancing faculty diversity will be presented through high levels of anticipated retirements in coming years.

Beyond the demographic composition of the UW, the next President must also be attentive to ensuring that the cultures of the three campuses are open to diversity of thought and expression, and that an atmosphere of tolerance and acceptance is pervasive.

Define the UW’s vision and strategic directions

The opportunities for leadership presented above — and many more ongoing initiatives — must be woven into a cohesive strategy and plan. The UW’s last formal strategic plan was completed in 2008, and the time is right for a comprehensive and inclusive definition of the UW’s future and the development of effective plans to achieve its goals. This is an opportune time for the UW’s new leader to establish a firm and aspirational direction. Not only has the UW’s last strategic plan reached the end of its intended utility, but to some extent the presidential transitions of recent years...
have accentuated the need for a precise, forward-looking vision and plan.

The next President must articulate a clear vision for what the future will bring for the UW. This vision will draw on a knowledge of best practices nationally, an understanding of and engagement with the issues facing institutions of higher education, a truly global perspective, and a clear appreciation of the keys to success in the foreseeable future. In short, the President must be able to galvanize the UW’s key constituencies around a shared vision for the University and must then provide the leadership necessary to make that vision a reality. At the same time, the President must be vigilant in responding to external or internal changes in the environment that might necessitate a modified or even new strategy and be prepared to lead the development and execution of such changes.

Presidential Qualities and Qualifications

The University of Washington’s President first and foremost must embrace, embody and champion the University’s values and stated goals. The ideal candidate for the position must appreciate the history, culture and spirit of this distinctive university. It is essential that the President convey a passion for the UW’s character and — as the UW’s face and voice — the capacity to enthusiastically and authentically communicate the University’s strengths and priorities to its diverse constituents.

The UW’s President should demonstrate a servant-leader style and managerial approach that emphasizes clear and open communication, a team orientation, and the ability and willingness to listen, delegate authority and to hold people accountable. The next President must combine these attributes with creativity, the ability to assess and undertake calculated risk, a tolerance for ambiguity and nuance, optimism, self-confidence, humility and humor. Like most effective leaders, the UW’s President must be able to balance the need to engage in appropriate levels of collaboration and consultation with the essential ability to make timely and informed decisions.

The President will expend considerable time and energy working with external constituencies to generate the resources that the University needs to carry on and expand its operations and enhance its profile. This includes personal involvement in fundraising from private individuals and organizations. It will also include interactions with the news media — both local, national, and sometimes international — and require a sensitivity to the impact those interactions will have on the University — including in real time on digital channels. In working with these external stakeholders, the President should demonstrate considerable skill and experience as a communicator and negotiator, and must possess the diplomatic dexterity, political savvy, courage of conviction, self-awareness and exquisite judgment necessary for superb leadership.

The ideal candidate for the UW’s presidency will possess a great deal of the following professional qualifications and personal characteristics:

Professional Qualifications

Academic Credentials
A Ph.D. or other terminal degree is highly preferred. In lieu of a terminal degree, candidates should have a demonstrated record of successful executive leadership and comparable credentials and/or experiences sufficient to warrant the respect and confidence of the academic community.

**Financial Acumen**

Experience in managing the finances and budgets of a major enterprise is a prerequisite for this position. Prior financial management experience will provide the foundation for effectively managing all major business aspects of the University. Additionally, candidates should be prepared to:

- Recognize that the UW will be operating in a sustained period of financial austerity and develop and implement plans to ensure the quality of education and research is maintained at the highest levels
- Develop and implement plans to maximize revenues from all sources consistent with the mission and values of the University
- Manage all costs and encourage operational efficiency and effectiveness
- Prudently manage debt and liquidity
- Ensure capital planning process for allocating scarce resources is in place and projects are managed efficiently and effectively

**Enterprise-wide Management**

The UW is an enormously complex institution, and the next President should be adept in managing a vast and diverse enterprise, which includes a full array of undergraduate and professional programs, a large and complex health sciences organization, NCAA Division I athletics, three physical campuses, and a host of statewide, national and international programs. This next leader should be prepared to manage within this type of setting, whether through previous experience in a comparable university or as the leader of a similarly complex environment.

**Leading Change**

The UW — like all of its peers — is approaching a crossroads where significant pressures are being placed on the traditional business and academic models of higher education. Changes to these paradigms are imperative for sustainability and success. The UW’s next President should have previous experience — and confidence — in driving change through a vast organization. Molding and instilling a high-performing culture that prepares the University to confront its future challenges and seize new opportunities should accompany this ability.

**Fundraising**

Generating resources is critical to the growth and progress of the UW, and the President must play a key role in this process. Typically, an estimated 25–30 percent of the President’s time will be spent in the fundraising arena. The President contributes to overall strategy and oversight, and is expected to be significantly involved with the University’s top investors to help cultivate and raise necessary funds. The President must have demonstrated both a talent and an enthusiasm for fundraising,
including the personal and social skills — and a passion for the UW’s mission — to cultivate financial support and partnerships in the private sector.

Advocacy

As a public institution, the UW’s fortunes are regularly impacted by how its external stakeholders perceive its value to local communities and the state of Washington. The UW President must present the political acumen and previous advocacy experience necessary to position the University effectively and positively with political, business, higher education and civic leaders.

Communications and Relationships

The UW’s next President must have exceptional communications skills, including a keen ability to genuinely listen and the ability to connect in the following manner:

- Represent the University well to all audiences
- Effectively communicate with the Board, legislators, faculty, students and the community at large
- Establish and maintain beneficial relationships with students, faculty, staff, legislators, donors, alumni, community organizations and others
- Be effective in communicating with working news media and media influencers, such as editorial boards
- Be an articulate public speaker in a wide variety of situations
- Communicate negative or sensitive information in a timely and forthright manner
- Communicate with employees regularly and clearly, encouraging alignment toward goals, explaining initiatives and recognizing progress and accomplishments

Information Technology

In today’s world of rapid technological advances and applications, a working fluency with the role of information technology as an enabler of strategic initiatives and improved performance will be useful.

Strategic Planning

Integrating myriad University initiatives into a cohesive, thoughtful plan will require previous experience in overseeing the design and implementation of an enterprise-wide strategic plan. Ideally, this experience will have gone full cycle, from vision to outcomes.

Partnership with the Board of Regents

The President leads the management team in achieving support and commitment for matters decided by the Board. This will require working closely and collaboratively with Board members and keeping the Board fully informed about appropriate aspects of the University. Ideally, candidates will bring previous experience in understanding and establishing the proper relationship between a board and its CEO.
Shared Governance

The UW is proud of its tradition of collaboration and shared governance where faculty, staff and students are thoughtfully engaged in helping to shape University decisions. The next President should bring previous leadership experience from a comparable setting or a strong appreciation for this culture and a commitment to honor an inclusive approach to decision-making. Also, the UW has 11 unions representing almost 19,000 staff; thus, a background in a collective bargaining environment will be beneficial.

Personal and Leadership Attributes

The UW’s next President should embody the majority of these traits:

- Models personal integrity, has impeccable ethical standards and ensures that the UW complies with all applicable legal requirements
- Respected as a top leader and confident in his or her own abilities, yet demonstrates humility; conveys a genuineness that engenders trust
- Open-minded, approachable and accessible; seeks and uses others’ ideas; expresses appreciation for others and their contributions; a willingness to be receptive to feedback
- Encourages direct and tough debate, yet knows when to end discussion and move on
- Recruits, retains, builds and motivates a strong executive team, setting high goals for personal and group accomplishment; delegates effectively and uses metrics to monitor progress toward goal attainment
- Tenaciously works to meet or exceed core goals while deriving satisfaction from the process of goal achievement and continuous improvement
- Encourages and rewards innovation through reasonable risk-taking; conveys an entrepreneurial approach that encourages new ways of approaching problems and opportunities, and a willingness to foster and incent change
- Has the courage to take unpopular positions if necessary and the conviction to step up to hard issues
- Exhibits poise, self-control and comfort with demands of the job; takes adversity in stride and maintains personal balance and a sense of humor
- Conveys optimism, enthusiasm and hope for the future in a charismatic fashion; inspires and builds trust with others
- Respects and values diversity through both words and actions
- Manages conflict in a constructive and productive manner
- Is action-oriented; demonstrates a sense of urgency for continually improving the UW
- Is passionate about — and loyal to — the UW’s mission and is professionally and personally committed to its future
- Strong history of supporting shared governance and collaboration
- Demonstrated commitment to students and student-learning outcomes
- Demonstrated respect for faculty and staff

Procedure for Candidacy
Witt/Kieffer is assisting the University of Washington with its recruitment of a new President. The presidential selection process is governed by the UW Board of Regents and is supported by a Presidential Search Advisory Committee consisting of an appropriately diverse mix of UW constituents. All of the deliberations of the Committee and the Board are conducted with full confidentiality for candidates.

Review of candidates will begin in early September 2015. Confidential inquiries, nominations, and application materials should be directed to:

John K. Thornburgh and Zachary A. Smith, Ph.D.
Witt/Kieffer
UWWashingtonPresident@wittkieffer.com
Open Public Meetings Training

For information only

BACKGROUND

Karin Nyrop, Division Chief, Attorney General’s Office, UW Division, will lead a training session to review open public meetings. Ms. Nyrop’s bio follows.

Karin L. Nyrop

Admitted to Practice: 1984 (Washington)
Law Degree: University of Puget Sound School of Law (Seattle University) (J.D., 1984, magna cum laude)
Undergraduate Degree: St. Martin’s College (B.A., Criminal Justice, 1981, summa cum laude)
Practice Areas: Intercollegiate Athletics, Construction, Purchasing, Faculty Adjudications, Scientific Misconduct

Karin L. Nyrop has been with the University of Washington Division of the Attorney General’s Office since 1997. In April 2015, Ms. Nyrop was promoted to Division Chief. Prior to assuming that role she was the primary attorney for the Intercollegiate Athletics Department and the Capital Projects Office. During her tenure with the Division, she has also advised the Purchasing Department, the Office of Scholarly Integrity, the Treasury Office, and the Police Department. Ms. Nyrop also worked on a variety of large projects at the UW including the renovation of Husky Stadium, the Lease of Metro Tract Property, and the Regional Scale Nodes Project.