Call to Order and Attendance

Committee Chair Regent Shanahan called the meeting to order at 8:35 a.m.
Committee Members Present: Shanahan (Chair), Blake, Harrell, and Smith
Other Regents Present: Ayer, Kritzer, Rice (by phone), Riojas, and Simon
Others present at the table: President Cauce, Provost Baldasty, Faculty Senate Chair Norm Beauchamp, GPSS President Alex Bolton, and ASUW President Tyler Wu

Consent Agenda and Approval of Minutes

Hearing no objections, Regent Shanahan said that the minutes from the Committee meeting on July 9, 2015, would be approved as presented.

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

Paul Jenny, Senior Vice President, Planning and Management, introduced and welcomed Mike McCormick, Associate Vice President, Capital Planning and Development. Mr. Jenny presented the One Capital Plan. He said Regents would see a revised and more consistent format for items requiring their approval. Through the Transforming Administration Program, Capital Projects will obtain the space data needed to review use of administrative, classroom, and lab facilities. Regent Harrell asked to know the impact of projects on total debt capacity. Regents are concerned about the collective consumption of debt in the future.

Regent Blake reminded Mr. Jenny to include approval of a naming plan in the capital project staging.

UW Tacoma Urban Solutions Phase 1 (Action) (Item no. F–2)

Pat Clark, Director of Campus Planning and Real Estate at UW Tacoma, presented the project for Board approval. The project will provide much-needed STEM and wet lab teaching spaces. Regents asked about student involvement in the planning process.

Steve Tatge, Director, Major Projects, Capital Projects Office, and Paul Jenny, Senior Vice President, Planning and Management, were present to provide additional information.

Regent Harrell moved, Regent Blake seconded, and the Committee voted to approve Phase 1 of the UW Tacoma Urban Solutions project.

NanoEngineering and Sciences Building (Action) (Item no. F–3)

Pedro Arduino, Associate Dean, Civil and Environmental Engineering, described the need for more lab space for nanotechnology, to support growth of the College of Engineering. These facilities will be key for studies in the healthcare and energy fields.
Regent Harrell moved, Regent Blake seconded, and the Committee voted to approve the NanoEngineering and Health Sciences Building item as presented.

UW Medicine at South Lake Union – Authorization of Phase 3.2 (Action) (Item no. F–4)

Chris Malins, Associate Vice President, Treasury; Mary Fran Joseph, Associate Dean for Administration and Finance, School of Medicine; and Paul Jenny, Senior Vice President, Planning and Management, presented this project for approval. Because of the scarcity of capital, historically, Regent Shanahan encouraged capital investments in the right areas to provide value to faculty and students. He cited the tension to take advantage of opportunity and be strategic. Regent Shanahan reminded Mr. Jenny of his request for a scorecard, to be presented in October.

Regent Harrell moved, Regent Blake seconded, and the Committee voted to approve the UW Medicine at South Lake Union Phase 3.2 project.

Transforming Administration Program (TAP) Update (Information only) (Item no. F–5)

Ana Mari Cauce, Interim President; Jerry Baldasty, Interim Provost and Executive Vice President; Mary Lidstrom, Vice Provost for Research, Office of Research; and Ruth Johnston, Associate Vice President and Chief of Staff, Planning and Management, reviewed progress on the Transforming Administration Program (TAP) designed to build a culture of administrative support for teaching and research. Provost Baldasty expects the Program to enhance the culture of service and support the larger mission of the University. He reviewed his presentation, and outlined five main goals, with projects in various phases of moving forward:

1) Shared services model;
2) implementing new systems;
3) centralize policies and procedures;
4) simplify processes;
5) assess progress.

There are currently 23 projects underway. President Cauce said she expects administrative changes to provide a model for academic units. Regent Ayer commented during a mindset of continuous improvement, communication is important. Regent Shanahan said this type of improvement, involving people in changes, can result in high morale.

Business Equity Statement for the University of Washington as Board of Regents Governance, Regent Policy No. 16 (Action) (Item no. F–6)

Angela Battle, Director of UW’s Business Diversity Program, introduced the proposed policy, prepared in response to a request from Regents. Regent Harrell encouraged the use of a dashboard, or scorecard, to measure progress of each policy point and volunteered to lead this effort. She said the policy is a good beginning, but metrics need to be identified and monitored.

Regent Smith moved, Regent Harrell seconded, and the Committee voted to approve the Business Equity Statement as Regent Policy no. 16.

Establishment of an Internal Investment Management Company with an Advisory Board, as Provided in the Revised Board of Regents Governance, Standing Orders, Chapters 4 and 10 (Action) (Item no. F–7)
Amendment to the Statements of Investment Objectives and Policy for the Consolidated Endowment Fund, the Invested Funds, and Deferred and Other Gift Assets (Action) (Item no. F–8)

Items F–7 and F–8 were presented and approved together.

Keith Ferguson, Chief Investment Officer; Scott Davies, Chief Operating Officer, Investments; and Garth Reistad, Deputy Chief Investment Officer, presented the items for approval. Mr. Ferguson thanked all who worked on this complicated and detailed policy change.

Regent Smith moved, Regent Harrell seconded, and the Committee voted to approve items F–7 and F–8, as presented.

Investment Performance Report – Fourth Quarter Fiscal Year 2015, as of June 30, 2015 (Information only) (Item no. F–9)

Keith Ferguson reported UWINCO (University of Washington Investment Committee) met the day before. He reviewed the investment performance report distributed to Regents in advance of the meeting.

UW Advancement Report of Contributions 2015 (Information only) (Item no. F–10)

Connie Kravas, Vice President of Advancement, and Walt Dryfoos, Associate Vice President of Advancement Services, reported that the last fiscal year was the second best in UW’s fundraising history. UW raised over $448 million and added $66 million to the endowment. This represents gifts from over 100,000 donors. Currently, Advancement is investing in building the alumni pipeline, focusing on existing donors, and encouraging returning donors. Regents discussed the rate of alumni participation by the number of alumni giving and the dollar amount of their gifts. Student participation was discussed as Ms. Kravas described the goal of instilling an ethic of philanthropy in students. Regent Smith praised UW Advancement as a sophisticated campaign organization under strong leadership.

Alaska Airlines Signature Partnership (Action) (Item no. F–11)

Regent Ayer, not a member of this committee, left the room to avoid any appearance of conflict of interest during the discussion or vote.

Scott Woodward, Director of Athletics, described UW’s expanded relationship with Alaska Airlines. Alaska currently holds naming rights to the Alaska Airlines Arena in Hec Edmundson Pavilion and hopes to extend this relationship to name the football field “Alaska Airlines Field at Husky Stadium,” and participate in a university-wide set of partnerships. These partnerships, Mr. Woodward said, are important to Intercollegiate Athletics (ICA). With no student athletics fee, UW ICA receives the lowest subsidy of all schools in the PAC-12. In order to continue to be competitive, more support is needed for student athletes. The “deal” includes renewing the arena sponsorship, field signage, and the creation of an athletic village.

Mary Gresch, Chief Marketing and Communications Officer, described the holistic approach to the partnership. Alaska Airlines will have preferred (not required) carrier status at UW, and will offer discounts and benefits to students, faculty, and staff. President Cauce will work out the
final details of the deal, so that it can begin with the 2015 football season. Regent Blake was concerned about the lack of transparency in the background materials presented to the Regents as it was unclear that the current arena naming agreement was being replaced by the new partnership agreement, rather than being in addition.

President Cauce praised the partnership for providing some funding for academic units on three campuses and to the UWAA.

Audit Advisory Committee Update (Information only) (Item no. F–12)

Regent Blake, Audit Advisory Committee Chair, provided a report from the Audit Advisory Committee (AAC) meeting. Internal controls were a main focus of the agenda. The Committee will seek data on best practices at other universities. It encourages a culture of documented controls, terming it a “SOCS (service organization controls) light” view of internal controls. An anticipated upgrade of UW’s financial system will provide an opportunity for better internal controls.

Richard Cordova, Executive Director of Internal Audit, will present the internal audit plan to the Committee. It will feature new metrics for evaluating where the University stands on its internal audits. Regent Blake praised the level of follow-up by Internal Audit as outstanding. Better management and best deployment of resources will result from an end-of-year reevaluation of audits rather than simply carrying incomplete ones forward.

The Audit Committee will review consolidated financial statements. Mr. Cordova will summarize audit results for the individual entities and if there are issues will bring them to the Committee’s attention.

The contracts with external auditor firms end on June, 2017, so are up for renewal. The Committee authorized a timeline for an RFP, with Board approval targeted for October 2016. The AAC will be involved in drafting the RFP, and is encouraging the larger firms who perform UW’s work to partner with smaller minority and women owned businesses.

Adjourn

Hearing no other business to come before the Finance and Asset Management Committee, Regent Shanahan adjourned the meeting at 10:40 a.m.

Approved at the meeting of the Committee on October 8, 2015.