Call to Order and Attendance

Committee Chair Regent Shanahan called the meeting to order at 8:30 a.m.

Committee Members Present: Shanahan (Chair), Blake, and Harrell.
Other Regents Present: Ayer, Benoliel, Jaech, Kritzer, Rice, Riojas, and Simon
Others present at the table: President Cauce, Provost Baldasty, Faculty Senate Chair Norm Beauchamp, and GPSS President Alex Bolton.

Regent Shanahan welcomed Joel Benoliel to the Board. Regent Benoliel was appointed by Governor Inslee effective on January 5. Regent Shanahan expressed appreciation to Orin Smith, whose term ended on January 4, with the appointment of Regent Benoliel. He congratulated Regent Harrell for being reappointed to a second six-year term, saying this was well-deserved recognition of her service to the Board and the University.

Consent Agenda and Approval of Minutes

Hearing no objections, Regent Shanahan said the minutes from the Committee meeting on November 12, 2015 and item F–1, the annual calendar for the Committee, would be approved on the Consent Agenda.

Review Finance and Asset Management Annual Calendar (Information) (Item no. F–1)

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

Paul Jenny, Senior Vice President, Planning and Management, introduced the One Capital Plan. Mike McCormick, Associate Vice President for Capital Planning and Development, reviewed attachment 2, which outlined the capital planning process. Chris Malins, Associate Vice President, Treasury, was present to review the monthly debt report.

North Campus Housing Phase IV(a): Approve Project Site, Mitigation, Budget, Financing and Building Names (Information) (Item no. F–3)

Pam Schreiber, Executive Director of Housing and Food Services, gave a brief update on North Campus Housing Phase IV(a) to demolish McCarty and build three new residence halls, McCarty, Oak and Madrona. She acknowledged student input into the room configurations, rental rates, and community amenities. Regent Kritzer praised the level of student engagement in the project and the efforts to offer affordable housing. In response to a question, Ms. Schreiber told the Regents UW houses 68% of the freshman. In the final phase of the planned housing projects UW will have 9500 residence hall beds.

Regent Blake moved and the Committee voted to approve item F–3.
Wolf Yeigh, Chancellor, UW Bothell, said the campus goal is to enroll 6,000 students, and maintain an intimate learning environment. Although it will remain mainly a commuter campus, students requested expanded dining and housing options. This project will increase capacity and offer on-campus student employment opportunities. Housing will be offered at competitive rates, expected to be lower than area housing rates. Dining will be available to all students, faculty, staff, and community members. Current on-campus housing is in a nearby university-owned apartment complex. Administrators project a need for 600 beds by 2018.

Ana Karaman, Vice Chancellor for Administration and Planning, Chancellor's Office, UW Bothell, provided additional background about the project, including neighborhood concerns. The project will have a 60 foot setback from neighboring homes to include a 30-foot landscape buffer.

James Anderson, UW Bothell Alumnus, described student involvement in the process and said on-campus housing and dining is important to students.

Regent Harrell moved, Regent Blake seconded, and the Committee voted to approve item F–4.

New Burke Museum Project Update (Information) (Item no. F–5)

Julie Stein, Executive Director, Burke Museum; Paul Jenny, Senior Vice President, Planning and Management; and Bill Starkey, Associate Treasurer, Treasury, provided background on the status of the New Burke Museum project, scheduled for approval at a future Board meeting. The $26 million in State funding received in the 2015–17 biennium came with the expectation that the University would start construction in a phased manner to align with future State funding in the 2017–19 biennium. The total available funding received to-date is enough to complete the building structure, exterior cladding, and roofing. A construction start in July 2016 aligns with the future anticipated State funding in the 2017–19 biennium to complete the project.

Transforming Administration Program Update (Information) (Item no. F–6)

In an update on the Transforming Administration Program (TAP), Gerald J. Baldasty, Interim Provost and Executive Vice President, described his hopes for an enhanced culture of service at the University, redeploying funds from central administration to academic units. He stressed the importance of central administration communicating how it supports the mission of academic and research units. As an example, the finance and administrative team in the President’s and Provost’s offices will be streamlined and consolidated. TAP has also transformed study abroad information into a web based format which is less time-consuming to enter, more user-friendly, and planned to be fully functional in the summer of 2016.

TAP is striving to reduce paper files and increase online services. They fully engage the campus with input from academic administrators and Deans. TAP expects to review the University’s service standards. They plan to use a stakeholder satisfaction survey. President Cauce said she is pleased with the progress Provost Baldasty is making in this area. Professor Beauchamp conveyed the faculty’s enthusiasm for the University’s support of the mission of the faculty in a cost-effective way.

Regent Ayer stressed the importance of communicating progress to the campus. Regent Shanahan offered kudos and said moving forward, leadership and admiration will make hard
decisions that will support faculty and students doing their work of learning and research. All acknowledged the culture change of these efforts and encouraged investment in strategic communication to convey the benefits of the actions and reduce cynicism. Regent Harrell asked that the Business Equity Scorecard be included on TAP’s tracking sheet.

University Advancement Annual Return on Investment Report (Information) (Item no. F–7)

Walt Dryfoos, Associate VP, Advancement Services, University Advancement, described how Advancement operates using a centralized/decentralized model, with central services and professionals embedded in units. Advancement raised $449 million last fiscal year, not including pledges. This was the second best year ever and the second with a total over $400 million. Endowments distributed over $100 million to campus. Mr. Dryfoos said the cost to raise these funds provides good value. Regents asked how UW compares to other Universities in cost of raising funds. Mr. Dryfoos explained UW is transparent about these metrics, however not all universities are as forthcoming. He will share what information he can gather with the Regents in the future.


Garth Reistad, Deputy Chief Investment Officer, reviewed the quarterly investment report saying there has not been a major change in position. Performance was lower, but favorable against peers. He said UWINCO is operating in its new format, approved by the Board, with two new subcommittees. They are “Risk” chaired by Bryan White and “Leadership” chaired by Michael Larson. The new structure will allow for investment growth.

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

Regent Blake presented highlights from the meeting of the UW Medicine Board in November. Dr. Carlos Pellegrini, Chief Medical Officer, told the UW Medicine Board about WWAMI’s Transforming Clinical Initiative, funded by a $30 million grant from U.S. Health and Human Services to improve service and offer value-based fees for service. This Practice Transformation Network will involve setting aims, using data, measuring progress, achieving benchmarks, and achieving financial stability. UW plans to enroll and train the 6,700 clinicians in UW Medicine hospitals and clinics, impacting the WWAMI region. This focus is planned to align with the Affordable Care Network principles and UW’s contract with the State of Washington Health Care Authority.

Regent Riojas presented highlights from the meeting in January. Don Theophilis, UW Medicine’s Chief Advancement Officer, provided a fundraising overview. UW Medicine has a goal to raise $1.6 billion during a campaign ending in June 2020. To-date they have raised $900 million.

The UW Medicine budget report showed $9 million variance to budget, but did not recognize some revenue earned. Measuring specific performance, University Medical Center and Harborview are on budget and Northwest Hospital and Valley Medical Center are doing better than budget.

Newly constructed operating rooms are in use in Montlake Tower, as are new ICU beds. The Board heard about the Alvord Brain Tumor Center and newly opened neighborhood clinics.

Audit Advisory Committee Update (Information) (Item no. F–10)
Regents Kristi Blake, Audit Advisory Committee Chair and Richard Cordova, Executive Director, Internal Audit, presented an update from the Audit Committee meeting.

Regent Blake praised the engagement of Committee members. At the meeting in December, the Committee reviewed the financial statements in detail. As a result, Committee members identified the need to know more about how the university operates and acknowledged they are more familiar with business accounting standards than government accounting standards. They posed questions and provided comments, which will be addressed over time. Regent Blake said it was a “robust and engaged” process. The Committee met with auditors from KPMG and received an update on internal controls and learned how UW compares with peer institutions. Auditors said UW is on target, and identified areas needing minor adjustments and areas needing updated financial systems to comply with best practices. Richard Cordova told the Committee that Internal Audit completed 28 audits in 2015, on target with its goals. The Audit Advisory Committee is involved in advising on the selection of an independent auditor, as UW’s contract with KPMG is due for renewal.


Richard Cordova introduced Audit Partners from KPMG: Karissa Marker, Amy Banovich, and Michael Ortman. KPMG reported a clean audit with unmodified opinions. They termed it a “smooth audit.”

Executive Session

Regent Shanahan announced the Committee would hold an executive session to review the performance of public employees.

Adjourn

Returning to open session and hearing no other business to come before the Finance and Asset Management Committee, Regent Shanahan adjourned the meeting at 11:45 a.m.

Approved at the meeting of the Board on February 11, 2016.