Call to Order and Attendance

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

Committee Members Present: Jaech (Chair), Ayer, Benoliel, Blake, Harrell
Other Regents Present: Kritzer, Rice, Riojas, Shanahan, Simon
Others present at the table: Provost Baldasty

Consent Agenda and Approval of Minutes

Committee Chair Jaech and Vice Chair Harrell were delayed by traffic. Regent Shanahan announced that hearing no objections the minutes from the Committee meeting on February 11, 2016 would be approved and items F–1 and F–2 would be considered on the Consent Agenda.

2015 Internal Audit Results (Information) (Item no. F–1)

Asset Liability Management Semi-Annual Borrower Reports (SABRe) (Information) (Item no. F–2)

UW One Capital Plan (Information) (Item no. F–3)

Paul Jenny, Senior Vice President of Planning and Management, and Mike McCormick, Associate Vice President of Capital Planning and Development, reviewed the One Capital Plan.

Chris Malins, Associate Vice President, Treasury, presented the Semi-Annual Internal Lending Report. Business Improvement Plans are expected for Dentistry/Pediatric Dentistry and Intercollegiate Athletics. He described some changes in the ILP due diligence that will generate more conservative projections and focus more attention on the expenses in pro formas.

Regent Jaech arrived and thanked Regent Shanahan for filling in and for his past work as Chair of the Finance and Asset Management Committee.

West Campus Utility Plant (WCUP): Approve Scope and Budget Adjustment (Action) (Item no. F–4)

Paul Jenny, Mike McCormick, and John Chapman, Executive Director for Campus Engineering & Operations in Facilities Services, presented the case for approval of the WCUP scope and budget adjustment to allow for construction efficiencies. This budget adjustment will be partially offset by funding allocated to the Life Sciences Building project. The proposal does not include additional ILP funds. Mr. Jenny offered Regents, and others, a tour of the power plant, including an underground passageway to Gould Hall.
Regent Ayer moved, Regent Blake seconded, and the Committee voted to approve item F–4, as presented.

UW Bothell Student Housing Update (Information) (Item no. F–5)

Wolf Yeigh, Chancellor at the UW Bothell, presented an update about the student housing project. He said UW Bothell has been exploring options for additional residential life opportunities. The goal is to provide UW Bothell students with an enriching living and learning experience.

The UW Bothell was established twenty-five years ago to expand access to an excellent, affordable education for the citizens of Washington. It is fulfilling its mission every day, thanks to the City of Bothell, along with many community and industry partners throughout the region. As industry demand for graduates with relevant degrees and experience increases, so does the student demand for the UW Bothell educational experience.

This year, the number of UW Bothell alumni will reach more than 16,000 and the student population has grown to over 5,200. The campus population has increasingly included more full-time and younger students, who are more likely to seek a residential life experience. Current housing is filled to capacity and the campus is planning for future student housing to meet growing demand. The UW Bothell is committed to meeting the future residential life (housing and dining) needs of the campus community and doing this through rational, transparent land use regulation. There is still work to be done with the many stakeholders, including neighbors, to find the best possible path forward for all those who are concerned and interested.

UW Bothell has received important feedback from its neighbors regarding future residential life on the campus, and is taking the time to review the feedback. Chancellor Yeigh said he is appreciative of the assistance from neighbors and the city with the planning process.

He outlined the process ahead, which will include land use, zoning, site evaluation, design, permitting, and construction, saying this is an extensive investment of time and labor.

The Chancellor has asked his senior leadership team to continue working with neighbors and the city throughout this process. Following a thorough review of community feedback, UW Bothell will work closely with its neighbors and the city to take appropriate steps to provide a sustainable and thoughtful solution for residential life at UW Bothell.

As one of many planned outreach efforts, a member of the UW Bothell team will organize the next meeting with the neighbors in the very near future. Campus administration looks forward to continuing these important conversations.

Approve 2016-17 Student Housing Rental and Dining Plan Rates at UW Seattle (Action) (Item no. F–6)

Denzil Suite, Vice President of Student Life, described the process to determine the proposed rates as an extensive consultation with students in residence halls and student government.

Pam Schreiber, Executive Director of Housing & Food Services (HFS), recounted how HFS benefited from the ILP reduction last year, so was able to keep the rates unchanged. This year’s proposed 2% increase reflects the increase in minimum wage. HFS explored opportunities for efficiencies and savings, but is proposing rates to reflect increased labor and food costs, but maintain the health of the program without sacrificing services valued by residents.
Discussion focused on the needs of students living in campus housing, including mental health support and academic partnerships. Affordability is important to students, so HFS is exploring housing opportunities at different price points, terming this “rental diversity.” Vice President Suite cited requests for “real food” as a current challenge. Regents asked about the University taking advantage of buying power from vendors and suppliers. HFS reviews its vendors every few years.

Regent Blake requested a comprehensive scorecard of all student expenses, looking forward and back. Regents asked for this information to accompany any rate, fee, or tuition changes. This will be available at the Board meeting in April.

Regent Blake moved, Regent Ayer seconded, and the Committee voted to approve item F–6.

Approve 2016-17 Student Housing Rental Rate Adjustment at UW Bothell (Action) (Item no. F–7)

Chancellor Yeigh introduced UW Bothell administrators Chelsea Knodel, Director of Auxiliary Services, and George Theo, Dean of Student Affairs, who presented the request to approve the housing rental rate adjustment at UW Bothell for 2016-17. They collaborated with HFS at UW Seattle to develop practices to further involve their students in the process to set the rates. Dean Theo described the “living learning” communities created at the UW Bothell in former apartment buildings.

Regent Blake moved, Regent Ayer seconded, and the Committee voted to approve item F–7.

Approve 2016-17 Student Housing Rental Rate Adjustment at UW Tacoma (Action) (Item no. F–8)

Harlan Patterson, Vice Chancellor for Finance and Administration, Administrative Services at UW Tacoma, explained UW Tacoma holds a master lease for two floors in Lorig Court, an apartment building, where it houses 116 students, with two resident advisors and two managers. There is no food, or dining, component. He expects the program, now in its early stages, to grow. UW Tacoma is holding focus groups to expand the programming available to those living in on-campus housing. He said additional demand is expected and additional growth would allow for economies of scale. Regent Kritzer commented she was disappointed in the student consultation and involvement and encouraged improving this process.

Regent Blake moved, Regent Ayer seconded, and the Committee voted to approve item F–8.

Advancement Benchmark Annual Report (Information) (Item no. F–9)

Connie Kravas, Vice President for University Advancement, reviewed the benchmarking report, saying the UW is “running with the Big Dawgs,” at number 12 for public and private schools and second against its public peers. She identified UCLA as an “aspirational peer.”

Dr. Kravas also provided a report on the state of Advancement. Other universities visit the UW to learn how advancement works. She cited three “I’s”:

1) Institution – Advancement lives the values of the institution and operates through a central/decentral matrix model with the goal to institutionalize the UW’s philosophy.

2) Integration – Advancement and Alumni Relations and Marketing and Communications are integrated throughout the University.
3) Insiders from Outsiders – people want to be engaged and become friends and supporters of the University. Surveys show confidence in the university is increasing.

The University has great individuals, innovation, and investment and “the best is yet to come.”

Regent Jaech asked about the synergy between private philanthropy and legislative investment and the challenges of fundraising outside of the Seattle area. Dr. Kravas praised UW Impact’s efforts. UW Impact has provided opportunities for community contact with the legislature and engaged supporters from a geographical area outside of the Puget Sound region.

Regent Shanahan encouraged improved messaging.

Regent Rice praised the dedication of Dr. Kravas and her role in the University’s recruitment and retention of dedicated volunteers.

The Campaign will hold a kick-off event on October 21.


Garth Reistad, Deputy Chief Investment Officer of UWINCO, provided an update from the recent meeting, which was the second UWINCO meeting in its new structure. He thanked Regent Ayer for attending. He said to expect policy changes for approval in May. The asset allocation was reviewed.

UW Medicine Board Update (Information) (Item no. F–11)

Regent Rogelio Riojas, one of two Regents on the UW Medicine Board, provided an update on the retreat and meeting held on Monday, March 7. There, members heard about the status of UW Medicine’s strategic plan, which includes continuous improvement. They heard from Chief Medical Officer Carlos Pellegrini about practice transformation. Enterprise Finance Officer Mo Broom provided five-year financial projections and outlined risks, challenges, and mitigation strategies.

Dr. Pellegrini described “centers for excellence” whereby UW Medicine would move from fee-based to value-based reimbursements and how UW Medicine is preparing for these changes.

Lori Oliver, Director for Legal and Business Affairs, briefed the retreat participants on contract for care plans for self-insured employees.

Dr. Paul Ramsey, UW Medicine CEO, and Donald R. Theophilus, Chief Advancement Officer of UW Medicine, presented fundraising and commercialization opportunities for the upcoming campaign. They are developing a final fundraising campaign goal.

During the UW Medicine Board meeting, Board Chair Rich Jones presented a roster of new committee members. The Board heard about new and recently completed construction projects, including the Montlake Tower and the Emergency Room. A financial action plan for the UW Medical Center is in process.

Audit Advisory Committee Update (Information) (Item no. F–12)
Regent Blake, Audit Advisory Committee (AAC) Chair, reported on the meeting held on Wednesday, March 9. She said it was a long and productive meeting. External auditor KPMG presented an audit plan with a risk-based approach integrated with the UW’s risk management strategy. The AAC explored best practices for working with the external audit firm when it performs additional services for the University.

The AAC reviewed the results of the 2015 internal audit (FAM item F–1). The AAC received an update on the 2016 plan and saw good progress being made. The Committee continues to learn about the University’s unique processes.

The AAC explored best practices in internal financial management controls. Internal Audit will document and test controls in a “SOX (Sarbanes Oxley) light” format and report back to the AAC. This work will help shape the future financial management system under development. The University is developing a timeline for financial reporting which will allow the AAC to engage in the process in a meaningful way. Regent Blake closed by saying there was “robust engagement” at the meeting.

Executive Session

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

Returning to open session, Regent Jaech announced the Committee would hold an executive session to discuss with legal counsel litigation or potential litigation as defined in RCW 42.30.110.

Adjourn

Returning to open session and hearing no other business to come before the Finance and Asset Management Committee, Regent Jaech adjourned the meeting at 11:05 a.m.

Approved at the meeting of the Committee on April 14, 2016.