



**February 10, 2011**

**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

**THURSDAY, FEBRUARY 17, 2011**

<del>7:30 to 9:30 a.m.</del>	<del>Regents Room 301 Gerberding Hall</del>	<del>SPECIAL MEETING OF THE BOARD OF REGENTS</del>
<b>SPECIAL MEETING CANCELED</b>		
7:30 to 9:30 a.m.	Regents Room 301 Gerberding Hall	SPECIAL MEETING OF THE BOARD OF REGENTS
10:00 a.m. to 12:50 p.m.	142 Gerberding Hall	<b>FINANCE, AUDIT AND FACILITIES COMMITTEE:</b> Regents Smith (Chair), Blake, Brotman, Cole (alternate), Jewell
1:15 to 1:50 p.m.	142 Gerberding Hall	<b>ACADEMIC AND STUDENT AFFAIRS COMMITTEE:</b> Regents Harrell (Chair), Barer, Cole, Gates, Youn
2:05 to 2:35 p.m.	142 Gerberding Hall	<b>ACADEMIC AND STUDENT AFFAIRS COMMITTEE:</b> Regents Harrell (Chair), Barer, Cole, Gates, Youn
		<i>in Joint Session with</i>
		<b>FINANCE, AUDIT AND FACILITIES COMMITTEE:</b> Regents Smith (Chair), Blake, Brotman, Cole (alternate), Jewell
3:00 p.m.	Petersen Room Allen Library	<b>REGULAR MEETING OF BOARD OF REGENTS</b>

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](mailto: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.

1.1/202-11  
2/17/11



## AGENDA

**BOARD OF REGENTS**  
**University of Washington**  
**February 17, 2011**  
**3:00 p.m.**  
**Petersen Room, Allen Library**

(Item No.)

**I. CALL TO ORDER**

**II. ROLL CALL: Assistant Secretary Kelly Keith**

**III. CONFIRM AGENDA**

**IV. REPORT OF THE CHAIR OF THE BOARD OF REGENTS: Regent Simon**

**V. REPORT OF THE UNIVERSITY PRESIDENT: Dr. Wise**

**VI. CONSENT AGENDA**

Approval of Minutes of Meeting of January 20, 2011

Approval of Minutes of Special Meeting of February 9, 2011

Grant and Contract Awards Summary – December, 2010 F-1

University of Washington Job Order Contract – Award Contract F-2

Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement,  
and Site 30W Projects – Approve Debt Funding and Approve Project Budgets F-7

University of Washington Bothell – Acquisition of Student Housing F-8

University of Washington Bothell – Student Housing Rate Adjustment F-9

Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) –  
Adopt Project Budget, Approve UW Funding Commitment, Approve the Use  
of Alternative Public Works, Delegate Authority to Sign a Memorandum of  
Agreement, Delegate Authority to Sign Construction Contract(s), and Review  
Schematic Design (for information only) F-10

University of Washington 401(a) Supplemental Retirement Plan – Amendment  
to Limit Participation F-11

**VII. STANDING COMMITTEES****A. Academic and Student Affairs Committee: Regent Harrell – Chair**Academic and Administrative Appointments (**ACTION**) A-1

The Henry Art Gallery at the University of Washington: Building a Culture of Creativity through Community Engagement (Information only) A-2

***Joint Session*****A. Academic and Student Affairs Committee: Regent Harrell – Chair****B. Finance and Audit Committee: Regent Smith – Chair**

Update on State Budget Outlook (Information only) F-13

**B. Finance, Audit and Facilities Committee: Regent Smith – Chair**

Actions Taken Under Delegated Authority (Information only) F-3

Report of Contributions – December, 2010 (Information only) F-4

Internal Lending Program Quarterly Report for the Quarter Ended December 31, 2010 (Information only) F-5

Debt Management Annual Update (Information only) F-6

UW Medicine Board Annual Compliance Report (Information only) F-12

**VIII. OTHER BUSINESS**

Reports from ex-officio representatives to the Board:

**Faculty Senate Chair – Professor JW Harrington****ASUW President – Ms. Madeleine McKenna****GPSS President – Ms. Sarah Reyneveld****Alumni Association President – Ms. Colleen Fukui-Sketchley****IX. DATE FOR NEXT REGULAR MEETING:** Thursday, March 17, 2011,  
at UW Bothell**X. ADJOURNMENT**



UNIVERSITY OF WASHINGTON  
BOARD OF REGENTS

**Finance, Audit and Facilities Committee**  
Regents Smith (Chair), Blake, Brotman, Cole (alternate), Jewell

**February 17, 2011**  
**10:00 a.m. to 12:50 p.m.**  
**142 Gerberding Hall**

1. **Grant and Contract Awards Summary – December, 2010** ACTION F-1  
Mary Lidstrom, Interim Provost and Executive Vice  
President
2. **University of Washington Job Order Contract – Award Contract** ACTION F-2  
Richard Chapman, Associate Vice President, Capital  
Projects Office
3. **Actions Taken Under Delegated Authority** INFORMATION F-3  
Richard Chapman
4. **Report of Contributions – December, 2010** INFORMATION F-4  
Walter G. Dryfoos, Associate Vice President, Advancement  
Services  
Connie Kravas, Vice President, University Advancement
5. **Internal Lending Program Quarterly Report for the Quarter** INFORMATION F-5  
**Ended December 31, 2010**  
Chris Malins, Senior Associate Treasurer, Treasury Office  
Ruchi Aggarwal, Internal Lending Program Operations  
Manager, Treasury Office
6. **Debt Management Annual Update** INFORMATION F-6  
Chris Malins
7. **Student Housing Phase II: Mercer Hall Replacement, Lander** ACTION F-7  
**Hall Replacement, and Site 30W Projects – Approve Debt**  
**Funding and Approve Project Budgets**  
Pamela Schreiber, Director, Housing & Food Services  
Jon Lebo, Interim Director, Student Life Projects, Capital  
Projects Office  
Wayne Sugai, Assistant Treasurer, Treasury Office
8. **University of Washington Bothell – Acquisition of Student** ACTION F-8  
**Housing**  
Marilyn Cox, Vice Chancellor for Administration and  
Planning, UW Bothell  
Todd Timberlake, Chief Real Estate Officer  
Chris Malins  
Gary Eng, Senior Asset Manager, Real Estate Office

9. **University of Washington Bothell – Student Housing Rate Adjustment** **ACTION** F-9  
Marilyn Cox
10. **Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) – Adopt Project Budget, Approve UW Funding Commitment, Approve the Use of Alternative Public Works, Delegate Authority to Sign a Memorandum of Agreement, Delegate Authority to Sign Construction Contract(s), and Review Schematic Design (for information only)** **ACTION** F-10  
Theresa Doherty, Assistant Vice President for Regional Affairs, Office of Regional Affairs  
Richard Chapman  
Rebecca Barnes, University Architect, Office of Planning and Budgeting
11. **University of Washington 401(a) Supplemental Retirement Plan – Amendment to Limit Participation** **ACTION** F-11  
Paul Jenny, Vice Provost, Planning and Budgeting  
Kathleen Dwyer, Executive Director of Benefits
12. **UW Medicine Board Annual Compliance Report** **INFORMATION** F-12  
Paul G. Ramsey, MD, CEO, UW Medicine; Executive Vice President for Medical Affairs, UW; Dean, UW School of Medicine  
Rich Jones, Chair, UW Medicine Board Compliance Committee  
Sue Clausen, Chief Compliance Officer, UW Medicine; Associate Vice President for Medical Affairs, UW
13. **Executive Session**  
(To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price.)
14. **Executive Session**  
(To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price.)
15. **Other Business**



**UNIVERSITY OF WASHINGTON  
BOARD OF REGENTS**

**Academic and Student Affairs Committee**  
Regents Harrell (Chair), Barer, Cole, Gates, Youn

*In Joint Session with*

**Finance, Audit and Facilities Committee**  
Regents Smith (Chair), Blake, Brotman, Cole (alternate), Jewell

**February 17, 2011  
2:05 to 2:35 p.m.  
142 Gerberding Hall**

1. **Update on State Budget Outlook** **INFORMATION** F-13  
**Paul Jenny**, Vice Provost, Planning and Budgeting  
**Margaret Shepherd**, Director of State Relations, External Affairs
2. **Executive Session**  
(To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price.)
3. **Other Business**



**UNIVERSITY OF WASHINGTON  
BOARD OF REGENTS**

**Academic and Student Affairs Committee**  
Regents Harrell (Chair), Barer, Cole, Gates, Youn

**February 17, 2011  
1:15 to 1:50 p.m.  
142 Gerberding Hall**

1. **Academic and Administrative Appointments** **ACTION** A-1  
Mary Lidstrom, Interim Provost and Executive Vice President
2. **The Henry Art Gallery at the University of Washington:  
Building a Culture of Creativity through Community  
Engagement** **INFORMATION** A-2  
Ana Mari Cauce, Dean, College of Arts and Sciences  
Sylvia Wolf, Director, Henry Art Gallery  
Elaine Colligan, Roosevelt High School Student, Henry  
Gallery Volunteer
3. **Other Business**

OFFICIAL MINUTES

**MINUTES**

**BOARD OF REGENTS  
University of Washington**

**February 17, 2011**

The Board of Regents held its regular meeting on Thursday, February 17, 2011, beginning at 3:00 p.m. in the Petersen Room of the Allen Library. The notice of the meeting was appropriately provided to the public and the media.

**CALL TO ORDER**

Board Chair, Regent Simon, called the meeting to order at 3:05 p.m.

**ROLL CALL**

Assistant Secretary Keith called the roll: Present were Regents Simon (presiding), Barer, Blake, Brotman, Cole, Gates, Harrell, Jewell, Youn; Dr. Wise, Dr. Lidstrom, Ms. Warren, Ms. Goldblatt; ex-officio representatives: Professor Harrington, Ms. McKenna, Ms. Reyneveld, Ms. Fukui-Sketchley.

Absent: Regent Smith

**CONFIRM AGENDA**

The agenda was confirmed as presented.

**REPORT OF THE CHAIR OF THE BOARD OF REGENTS:** Regent Simon

Regent Simon invited President Wise to give her report.

**REPORT OF THE UNIVERSITY PRESIDENT:** Dr. Wise

President Wise commented on the recent rankings for university participation in the Peace Corps and said the University of Washington ranks in the top five. The Peace Corps, started by President John F. Kennedy in 1961, is celebrating its fiftieth anniversary. The University of Washington has consistently been one of the top sources of volunteers to the program – 2,676 UW alumni have served in the Peace Corps. President Wise believes this level of participation demonstrates the UW provides an educational experience emphasizing the importance of engagement and public service.



The National Academy of Engineering recently announced new members. Hank Levy, Chair of the Department of Computer Science & Engineering, was elected into the prestigious academy. Frank Robinson, an alumnus of the University, was also elected.

President Wise introduced Dr. Michelle Williams, Professor of Epidemiology and Global Health, who was recently recognized by President Obama as one of the nation's outstanding mentors in science, math and engineering training. Dr. Williams is the Director of the UW's multidisciplinary international research training grant. She is an expert in maternal and infant health, and directs the Reproductive, Perinatal and Pediatric Epidemiology training program. Dr. Williams' travel-abroad program offers students experiences in countries where maternal and prenatal health are essential. She has co-authored over 180 papers in peer-reviewed journals. President Wise noted Dr. Williams received a Brotman award for instructional excellence.

Dr. Williams described her work in research, and how important it is to students' learning by providing them with opportunities to educate students from other countries. She believes a sustainable international training program should include reciprocity, and works to build research capacity in partner institutions and address local health issues. Her program takes students to developing countries, including sub-Saharan and South Africa, Zimbabwe, East Africa, Ethiopia, Senegal, and Thailand (specifically along the Thai-Burma border), and provides unique cultural and academic experiences. She described public health issues in Eastern Europe following the dissolution of the Soviet Union. She also works in South America – Chile, Peru, Patagonia, and Tierra del Fuego – countries with marginalized native populations. She receives support for approximately ten to twelve students per year from the National Institutes of Health and funding from donors. Twelve members of the group have achieved the rank of faculty at top tier universities.

Questions and discussion followed.

Regent Simon and President Wise both thanked Dr. Williams for her presentation, and for her contribution and commitment to the University of Washington.

## **CONSENT AGENDA**

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

**MOTION:** Upon the recommendation of the Chair of the Board and the motion made by Regent Brotman, seconded by Regent Jewell, the Board voted to approve the nine items on the consent agenda as shown below:

**Minutes for the meeting of January 20, 2011**

**Minutes for the special meeting of February 9, 2011**

**Grant and Contract Awards Summary – December, 2010** (Agenda no. F-1)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee the Board of Regents accept Grant and Contract Awards for the month of December, 2010, in the total amount of \$102,797,800.

See Attachment F-1.

**University of Washington Job Order Contract – Award Contract** (Agenda no. F-2)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be issued special delegated authority to award a Job Order Contract (JOC) to the most qualified contractor selected. The maximum total contract amount for the cumulative value of all work orders shall not exceed \$4 million per year for a maximum of three years and \$12 million. Each work order will be limited to a maximum of \$300,000 except that the University may issue two work orders not exceeding \$350,000 for each year of the contract.

See Attachment F-2.

**Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets**  
(Agenda no. F-7)

It was the recommendation of the administration and the Finance, Audit, and Facilities Committee that the Board of Regents approve:

1) The Student Housing Phase II total project budget of \$257,000,000 composed of the following subprojects:

a.	Mercer Hall Replacement	\$118,000,000
b.	Lander Hall Replacement	\$ 77,000,000
c.	Site 30W	<u>\$ 62,000,000</u>
		\$257,000,000

2) The use of the Internal Lending Program to fund up to \$286,100,000 for design, construction, furniture, fixtures, equipment, and financing costs (includes \$29,100,000 in ILP interest during construction and cost of issuance).

See Attachment F-7.

**University of Washington Bothell – Acquisition of Student Housing** (Agenda no. F-8)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

1) Approve the purchase of the Beardslee Cove Apartments property for \$10,937,000;

- 2) Approve the use of the Internal Lending Program to fund up to \$13,000,000 in acquisition, property improvement, furniture, real estate, and debt costs of issuance; and
- 3) Delegate to the President the authority to execute all documents related to this transaction.

See Attachment F-8.

**University of Washington Bothell – Student Housing Rate Adjustment** (Agenda no. F-9)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Regents approve the rental rates for UW Bothell student housing for the 2011-12 academic year.

<b>Annual Term Agreement* For All Quarters 2011-2012</b>		
<b>Room Type</b>	<b>Current 2010-11 Rate</b>	<b>Proposed 2011-12 Rate</b>
Double Occupancy (Shared bedroom)	\$675/mo.(\$2,025/quarter)	\$695/mo. (\$2,085/quarter)
Single Occupancy (Shared 2 bedroom/1 bath)	Not applicable	\$795/mo. (\$2,385/quarter)
Single Occupancy (Private 1 bedroom/1 bath)	\$1,200/mo.(\$3,600/quarter)	\$1,390/mo.(\$4,170/quarter)

\*Rates are shown per person for annual 12-month contracts and include 24/7 on-site staffing, student life programming, furnished units and all utilities (water, sewer, garbage, electricity, basic cable, and internet service). No phone service is provided.

See Attachment F-9.

**Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) – Adopt Project Budget, Approve UW Funding Commitment, Approve the Use of Alternative Public Works, Delegate Authority to Sign a Memorandum of Agreement, Delegate Authority to Sign Construction Contract(s), and Review Schematic Design (for information only)** (Agenda no. F-10)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

- 1) Adopt the Project Budget for the Montlake Triangle Project (MTP) at \$38 million;
- 2) Approve a University of Washington funding commitment of \$4 million;
- 3) Approve the use of Alternative Public Works (General Contractor/ Construction Manager - GC/CM);

- 4) Delegate authority to the President to sign a three party Memorandum of Agreement (MOA) between the Washington State Department of Transportation (WSDOT), Sound Transit (ST) and the University of Washington (UW); and
- 5) Delegate authority to the President to sign construction contract(s).

See Attachment F-10.

**University of Washington 401(a) Supplemental Retirement Plan – Amendment to Limit Participation** (Agenda no. F-11)

It was the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve amendment of the University of Washington 401(a) Supplemental Retirement Plan (UWSRP) limiting participation to those individuals who are eligible on February 28, 2011.

The UWSRP was split out from the University of Washington Retirement Plan (UWRP) by Regent action effective January 1, 2009. The UWSRP is a defined benefit plan intended to be qualified under Internal Revenue Code Section 401(a). UW has an application pending for a determination by the Internal Revenue Service that the UWSRP is qualified under Section 401(a). This action will close the UWSRP to new participants after February 28, 2011.

See Attachment F-11.

**STANDING COMMITTEES**

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Harrell Chair**

At the request of Regent Harrell, Provost Lidstrom highlighted appointments where an administrator, professorship, dean or chair was included. Provost Lidstrom mentioned the appointment of Professor Virginia Armbrust as Director of the School of Oceanography.

**Academic and Administrative Appointments** (Agenda no. A-1)

**MOTION:** Upon the recommendation of the administration and the motion made by Regent Jewell, seconded by Regent Simon, the Board voted to approve the personnel appointments. Regent Youn abstained from the vote.

See Attachment A-1.

**The Henry Art Gallery at the University of Washington: Building a Culture of Creativity through Community Engagement** (Agenda no. A-2) (Information only)

Regent Harrell said the Committee received a report from Henry Art Gallery Director, Sylvia Wolf. Elaine Colligan, a student from Roosevelt High School, joined Ms. Wolf to describe the role and importance of art in learning and education, and the role of culture

in opening the minds of students. Regent Harrell said this was an “enlightening and uplifting” report.

See Attachment A-2.

**FINANCE, AUDIT AND FACILITIES COMMITTEE: Regent Smith, Chair**

In Regent Smith and Regent Jewell’s absence Regent Blake, Vice Chair of the Board, provided the report from the Finance, Audit and Facilities Committee meeting.

**Actions Taken Under Delegated Authority** (Agenda no. F-3) (Information only)

See Attachment F-3.

**Report of Contributions – December, 2010** (Agenda no. F-4) (Information only)

The total gifts received in December, 2010, was \$63,877,862, the total for the year to date is \$183,529,424.

See Attachment F-4.

**Internal Lending Program Quarterly Report for the Quarter Ended December 31, 2010** (Agenda no. F-5) (Information only)

See Attachment F-5.

**Debt Management Annual Update** (Agenda no. F-6) (Information only)

Regent Blake reported on the annual update Regents received from Senior Associate Treasurer Chris Malins, and said the report was followed by a productive conversation about managing the future institutional risks. These include risks related to debt capacity, and potential increases in interest rates, and how that might affect units engaged in the internal lending program (ILP). Regent Blake deemed the ILP a successful venture, and said UW is a leader with this program; this is not a vehicle widely used at other institutions.

See Attachment F-6.

**UW Medicine Board Annual Compliance Report** (Agenda no. F-12) (Information only)

Regent Blake said she was very impressed with the involvement of volunteer community members serving as advisors on the compliance committee. She was also impressed with the work done by the UW Medical Center to be responsive to the increasing needs in the compliance area. The report shows the diligent efforts of UW Medicine have paid off, making compliance a part of the culture. While she expects compliance will become more complicated in the future, she also noted structures are in place that can be scaled to meet future demands.

See Attachment F-12.

Regent Blake commented on a few items considered by the Regents on the Consent Agenda. She said Regents approved the Student Housing Phase II plan with off-ramps. This will allow Regents to look at changes in economic circumstances before breaking ground on these projects. (Item F-7).

Regents approved UW Bothell's acquisition of an apartment building, adjacent to campus, to be used for student housing. Student housing has been well-received by the UW Bothell students. (Item F-8)

Regents approved the Montlake Triangle Project, which includes the Montlake Bridge, Highway 520, the Husky Stadium renovation, and the Sound Transit station. Regent Blake said Regents found this design a major improvement over designs presented in the past and a provided positive resolution to a challenging inter-agency situation. (Item F-10)

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE: Regent Harrell Chair**

In joint session with

**FINANCE, AUDIT AND FACILITIES COMMITTEE: Regent Smith, Chair**

In Regent Smith's absence, Regent Jewell, Finance, Audit and Facilities Committee Vice Chair, provided the report from the Joint Committee meeting.

**Update on State Budget Outlook** (Agenda no. F-13) (Information only)

Regent Jewell reported on the State Budget update Regents received. She said it is a difficult, and ongoing, discussion about a challenging situation. The legislative session is about one-third through. This is challenging for all state agencies, and particularly difficult for higher education. She said a lot of people are working hard to shape legislation to support the needs of UW's faculty, staff and students; and the ongoing health of the institution. Regent Jewell acknowledged the students who have been active in Olympia on behalf of the University, who have worked hand-in-hand with the administration. Regent Jewell also commended the UWAA for their efforts on behalf of the University. They are working together, and with other institutions of higher education, to raise awareness of the impact the budget challenges could potentially have on the quality of education and the future of the state.

See Attachment F-13.

**REPORTS FROM EX OFFICIO REPRESENTATIVES TO THE BOARD OF REGENTS**

Regent Simon said Regents received an update from the student leaders at UW Bothell. See Attachment.

**Faculty Senate Chair:** Professor JW Harrington

Dr. Harrington said he would make five comments:

- 1) He is impressed by work of the presidential search advisory committee. He said committee members worked hard together, and really well, and they interviewed outstanding candidates.
- 2) At a recent meeting of the Faculty Senate Executive Committee, Dr. Harrington invited Doug Breckel, Associate Vice President, Treasury Office, to present an overview of the Internal Lending Program.
- 3) The Senate Executive Committee endorsed, and sent to the Faculty Senate, a resolution supporting a faculty fund for library excellence, to encourage faculty to support the University libraries financially. This fund would supplement the funding libraries received from the state and tuition.
- 4) The Senate Committee on Planning and Budget (SCPB) is preparing for upcoming budget adjustments. Committee Chair Bruce Balick prepared a detailed statement of budget cutting principles. Members have become familiar with the pertinent issues and are reviewing the procedures for program reorganization or elimination.
- 5) Senate leadership has been involved in the oversight of the strategic academic business plan, an effort led by the Provost. Senate leadership is planning for the UW's sesquicentennial celebration in the next academic year, with a focus on activities that can be organized by existing staff.

As a follow-up to his remarks at the January meeting of the Board, Dr. Harrington distributed a handout entitled "Estimating Impacts of Higher Education." The handout includes two recommended readings on the value of higher education.

The reverse side of the handout entitled "Costs vs. Benefits of a BA Degree" displays the present value of the costs and benefits of higher education.

See Attachment.

**ASUW President:** Ms. Madeleine McKenna

Ms. McKenna reported on students' legislative activities, including a "Rally to Restore Funding" in Red Square attended by several hundred students. Over two hundred of those attending wrote postcards to their legislators. The event received positive media coverage. The "Huskies on the Hill" lobby day in Olympia was attended by over 200 students, from all three UW campuses. Ms. McKenna thanked Regent Brotman for his contribution to the event to help cover expenses. This student advocacy event, she reported, also received "great media coverage."

ASUW and GPSS leaders met with Athletics to discuss the Husky Stadium renovation, and their concerns about the relocation of the student seating section. Students seek reasonable ticket prices, transportation to Qwest Field, and other concessions to mitigate the impact of moving the student seating section to the west end zone.

Ms. McKenna updated the Regents on the initiative to charge students a mandatory fee for the U-Pass. ASUW leaders are working with UW's Transportation Services and the Office of Student Life to prepare an item for the Regents' consideration. Students traveled to Olympia to testify on a senate bill which would provide UW with an

exemption from the city of Seattle's commercial parking tax – a \$2 million cost to the transportation program.

Ms. McKenna said ASUW hosted two well-attended events including a lecture by filmmaker Spike Lee. There are two upcoming events: the "Everybody Every Body" fashion show features students modeling clothing from local retailers to celebrate healthy body image, and a drag show competition.

Regent Simon thanked Ms. McKenna for her efforts and for students' efforts in Olympia.

**GPSS President:** Ms. Sarah Reyneveld

Ms. Reyneveld said Graduate and Professional students are working on a number of legislative items. At the recent "Huskies on the Hill" event in Olympia, 200 students met with 90 legislators. KOMO News reported, "Students bark loud and clear they don't want state legislators to cut money going to the university."

GPSS conducted a student survey on the impacts of the budget cuts on the quality and accessibility to graduate and professional student education. Respondents expressed their concern about the impact budget cuts will have on the quality of education, the value of the degree moving forward, and Washington's ability to compete in the global economy.

12,000 students were surveyed, 1,140 responded – 533 masters, and 607 doctoral students. 85% reported they rely on financial aid to fund their education, with loans as the most common form of financial aid; 81% reported they receive loans as part of, or their entire, financial aid package. This increased debt burden is discouraging students from pursuing public sector or public interest careers. Students reported the quality of education was a primary concern; over 98% identified the quality of education as very, or exceptionally, important to them. This was followed closely by over 94% who cited excellence in faculty as very important. The survey asked students to comment on the impact of budget cuts on the quality of their education. Almost half of the respondents are in their first year, of the other half, 35% said they have experienced fewer class choices; 25% have experienced class size increases; and 13% have experienced fewer centers and clinics. One student commented, "Overall I am concerned about the quality of education this university can provide with increased budget cuts." One of the goals of the survey was to assess the impacts the budget cuts might have on Teaching Assistants (TAs) and the subsequent impact on the quality of undergraduate education due to fewer TAs. One hundred TA positions were cut in the last biennium. Of those respondents who were employed as a TA, over 54% reported experiencing an increase in undergraduate class size; over 40% taught more classes per quarter; and 53% said they experienced a decrease in the availability of positions.

Ms. Reyneveld concluded by saying graduate and professional students overwhelmingly believe the quality of education is important. Many have also expressed concerns about balancing quality with affordability. Ms. Reyneveld looks forward to continued conversations about insuring graduate and professional education is accessible, affordable, and of excellent quality.



**Alumni Association President:** Ms. Colleen Fukui-Sketchley

Ms. Fukui Sketchley reported on UW Impact efforts. She said the program is “in full swing” engaging and recruiting alumni and encouraging them to contact elected officials. Future plans include sending a targeted email message, initiating legislator “patch through” phone calls (where individuals are contacted by phone and connected with their legislators), and hosting community conversations in eleven targeted legislative districts during March and April. UW Impact is working with the College Promise Coalition, promoting evening events in Seattle and Tacoma.

Ms. Fukui-Sketchley highlighted some winter alumni programs, saying UWAA exceeded projected attendance at all events, including the sold-out annual history lecture series in Kane Hall attended by 700 people. Two upcoming events are a Psychology lecture series and Dawgs in the Desert.

This past year the popular alumni travel program involved 750 travelers in over 45 trips. A group of forty-five alumni travelers were in Egypt when protests started. The experienced trip guide moved everyone home safely. The travelers are collecting stories and photos from this memorable trip and plan to post them on the UWAA website.

In conjunction with the spring membership campaign, Ms. Fukui-Sketchley distributed “I love the UW” t-shirts to the Regents, reminding them membership dues support Columns Magazine, UW Impact, and many other worthwhile activities and programs.

**DATE FOR NEXT MEETING**

The next regular meeting of the Board of Regents will be held on Thursday, March 17, 2011, at UW Bothell.

**ADJOURNMENT**

The regular meeting was adjourned at 4:00 p.m.



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Joan Goldblatt  
Secretary of the Board of Regents

*Approved at the meeting of the Board of Regents on March 17, 2011.*

February 15, 2011

**2Y2D Initiative**

- ASUWB has been working with Vice Chancellor Susan Jeffords to input the student's perspective in the campus 2Y2d report.
- We handed out hundreds of Husky Valentine's day cookies at our monthly Husky Huddle this week - an event where ASUWB stands outside on campus to talk face to face with students. Our goal for this event was to collect feedback from students about how budgets have affected their student lives. We were able to talk to hundreds of students and in return for their time, we handed out hot chocolate and husky Valentine's cookies.

**Student Facilities**

- Sports Field
  - We have been surveying students over the past 1 ½ years and are continuing to gather feedback.
    - We have now surveyed nearly 20% of the student body and are continuing to collect more surveys from students.
  - The design process is finishing up and once completed, funding sources will be finalized and prepared for approval by students and Regents.
- Student union building
  - Currently, we are completing a concept study, and once completed, it will be presented to the student body for review and will move forward.
- Bookstore Cafe
  - Hours and menus are being planned right now. Students are absolutely thrilled for the opening of the café!

**Enrollment**

- FTE 2774 which is a 17% increase and headcount 3145 which is a 12% increase; our state funded target is 2045 FTE.

Amira Davis  
ASUWB President

# ESTIMATING IMPACTS OF HIGHER EDUCATION

Outline prepared by HW Harrington for UW Board of Regents, February 2011

## Impacts of what sort?

### Economic impacts

- Present value of individuals' lifetime earnings

- Total return on public investment (institutional subsidy and financial aid)

- Tax return on public investment

### Externalities

- Increased wages for all wage earners:

  - based on overall productivity of establishments

  - based on innovativeness of establishments

### Social impacts, translatable into economic:

- Health; Poverty; Crime

### Civic impacts

- Participation

- Political assessment

## Impacts of whom?

- The individual (see above)

### The institution

- Employment multipliers (including taxes paid by employees and businesses supported by employees)

- Research income

- Federal and nonlocal income compared to state support of key faculty

## Impacts on whom?

- The individual (see above)

### Parties other than the individual

- Need to account for those parties' financial support of the individual (e.g., families) and those parties financial support of the institution (e.g., taxes and philanthropy)

## Impacts where?

- Institutional employment impacts are local and statewide.

- Individual, tax, and external benefits of public investment depend on:

  - Where do graduates go?

  - Where do graduates come from?

- Impacts of research and scholarship are national and international.

## SUGGESTED READINGS

Hill, K., Hoffman, D., and Rex, T. 2005. *The Value of Higher Education: Individual and Societal Benefits*.

Seidman Research Institute, Arizona State University.

[http://wpcarey.asu.edu/seidman/Reports/P3/ValueOfEducation\\_10-05.pdf](http://wpcarey.asu.edu/seidman/Reports/P3/ValueOfEducation_10-05.pdf)

Sommers, P. and Chance, W. 2006. *The Returns on Education Investments*. Draft report from NORED to Washington Office of Financial Management, June.

[http://www.washingtonlearns.wa.gov/materials/ReturnonEducationInvestments\\_NORED.pdf](http://www.washingtonlearns.wa.gov/materials/ReturnonEducationInvestments_NORED.pdf)

# Costs vs. Benefits of a BA Degree

**TABLE I:3**  
**VALUE OF A BACHELOR'S DEGREE**  
**Based on Mean Earnings of Full-Time, Year-Round Workers in the United States in 2002-03**

	<b>Men</b>	<b>Women</b>
<b>Costs (Ages 18 to 21):</b>		
Tuition, Fees, Government Appropriations	\$60,000	\$60,000
Foregone Earnings	70,592	57,292
Total Costs	130,592	117,292
Total Costs Discounted at 4 Percent Real Interest	123,250	110,696
<b>Benefits (Ages 22 to 65):</b>		
Earnings with a High School Diploma	1,734,824	1,243,838
Earnings with a Four-Year Degree	3,012,522	2,202,327
Differential in Earnings	1,268,698	958,489
Earnings Differential Discounted at 4 Percent Real Interest	461,715	361,076
Net Present Value of a Bachelor's Degree	338,465	250,380
Internal Rate of Return	11.7%	11.6%

Note: See the text for explanations of the calculations.

Source: Center for Business Research, L. William Seidman Research Institute, W. P. Carey School of Business, Arizona State University, using data from the U.S. Department of Commerce, Census Bureau.

Source: Hill et al. *The value of higher education*, p. 17

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 the Board of Regents approve the appointments to the University faculty and administration as presented on the attached list.

*Attachment*  
Personnel Recommendations

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## ADMINISTRATIVE APPOINTMENTS

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### College of Arts and Sciences

#### **Department of English**

**Lockwood, Thomas Frank**

**Acting Chair, English, effective 12/16/2010**

Continuing Appointment:

- Professor, English

Degrees:

- PhD, 1967, Rice University
- BA, 1964, Rice University

#### **Department of Geography**

**Lawson, Victoria Anne**

**Acting Chair, Geography, effective 12/16/2010**

Continuing Appointments:

- Professor, Geography
- Adjunct Professor, Women Studies

Degrees:

- PhD, 1986, Ohio State University
- MA, 1982, Ohio State University
- BA, 1980, Leicester University (UK)

### College of the Environment

#### **School of Oceanography**

**Armbrust, Elizabeth Virginia**

**Director, Oceanography, effective 2/18/2011**

Continuing Appointment:

- Professor, Oceanography

Degrees:

- PhD, 1990, Massachusetts Institute of Technology
- BA, 1980, Stanford University

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## ENDOWED APPOINTMENTS

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### College of Arts and Sciences

#### Jackson School of International Studies

##### Hamilton, Gary Glen

**Henry M Jackson Professorship In International Studies,  
effective 7/1/2011**

Continuing Appointments:

- Professor, International Studies
- Professor, Sociology

Degrees:

- PhD, 1975, University of Washington
- MA, 1970, University of Washington
- BA, 1965, University of Kansas

### School of Medicine

#### Department of Radiology

##### Minoshima, Satoshi

**Wil B. Nelp, M.D. Endowed Professorship in Nuclear  
Medicine, effective 11/1/2010**

Continuing Appointments:

- Professor without Tenure, Radiology
- Adjunct Professor, Bioengineering

Degrees:

- PhD, 1994, Chiba University (Japan)
- MD, 1987, Chiba University (Japan)
- BS, 1983, Chiba University (Japan)

---

## NEW APPOINTMENTS

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### ROTC

#### Department of Naval Science

##### Gavrich, Joshua L.

**Assistant Professor without Tenure, Naval Science, effective  
3/1/2011**

Prior Non-UW Appointment:

Assistant Operations Officer, Amphibious Squadron One,  
San Diego, CA

Degrees:

- MS, 2006, Naval Postgraduate School
- BS, 2004, University of Nevada (Reno)

### College of Engineering

#### Department of Bioengineering

##### Wang, Ruikang

**Professor, Bioengineering, effective 10/1/2010**

Prior UW Appointment:

Visiting Scientist, Bioengineering

Degrees:

- PhD, 1995, University of Glasgow (UK)
- MSC, 1990, Tianjin University (China)
- Bachelor in Engineering, 1988, Tianjin University (China)

## **Department of Computer Science and Engineering**

**Smith, Joshua**

**Associate Professor without Tenure, Computer Science and Engineering, effective 2/1/2011**

Prior UW Appointment:

Affiliate Associate Professor, Electrical Engineering

Degrees:

- PhD, 1999, Massachusetts Institute of Technology
- MA, 1997, University of Cambridge (UK)
- SM, 1995, Massachusetts Institute of Technology
- BA, 1991, Williams College

## **Information School**

### **Information School**

**Garrido, Maria Isabel**

**Research Assistant Professor, Information School, effective 2/1/2011**

Prior UW Appointment:

Research Associate, Information School

Degrees:

- PhD, 2006, University of Washington
- MA, 1999, University of Chicago
- BA, 1994, Universidad Iberoamericana (Mexico)

**Sey, Araba**

**Research Assistant Professor, Information School, effective 5/1/2011**

Prior UW Appointment:

Research Associate, Information School

Degrees:

- PhD, 2008, University of California (Los Angeles)
- MA, 2004, University of Southern California
- MSC, 2000, University of Stirling (Scotland)
- MPHIL, 1999, University of Ghana (Ghana)
- BSC, 1991, University of Ghana (Ghana)

## **School of Medicine**

### **Department of Biological Structure**

**Wang, Ligu**

**Assistant Professor, Biological Structure, effective 1/2/2011**

Prior Non-UW Appointment:

Postdoctoral Associate, Cellular and Molecular Physiology, Yale University

Degrees:

- PhD, 2003, Cornell University
- BS, 1994, Tsinghua University (China)

### **Department of Medicine**

**Beard, Brian C.**

**Research Assistant Professor, Medicine, effective 2/1/2011**

Prior Non-UW Appointment:

Associate, Clinical Research, Fred Hutchinson Cancer Research Center

Degrees:

- PhD, 2003, Washington State University
- BA, 1997, University of Northern Colorado



**Duan, Zhi-Jun**

**Research Assistant Professor, Medicine, effective 1/1/2011**

Prior UW Appointment:

Acting Assistant Professor, temporary, Medicine

Degrees:

- PhD, 1997, Shanghai Institute of Biochemistry (China)
- BS, 1992, Huazhong University of Science and Technology (China)

**Department of Neurology**

**Steinman, Kyle J.**

**Assistant Professor without Tenure, Neurology, effective 1/17/2011**

Prior Non-UW Appointment:

Assistant Professor, Neurology and Pediatrics, University of California, San Francisco

Degrees:

- MS, 2008, University of California (San Francisco)
- MD, 2001, University of California (Los Angeles)
- AB, 1996, Stanford University

**Department of Pediatrics**

**Barcy, Serge**

**Research Assistant Professor, Pediatrics, effective 2/1/2011**

Prior Non-UW Appointment:

Research Scientist, Center for Childhood Infections and Prematurity Research, Seattle Children's Research Institute

Degrees:

- PhD, 1994, Universite Libre de Bruxelles
- BS, 1986, Universite Libre de Bruxelles

**Piliponsky, Adrian**

**Assistant Professor without Tenure, Pediatrics, effective 1/15/2011**

Prior Non-UW Appointment:

Instructor, Pathology, Stanford University

Degrees:

- PhD, 2003, Hebrew University (Israel)
- BSC, 1994, University of Buenos Aires (Argentina)

**Department of Rehabilitation Medicine**

**Friedly, Janna L.**

**Assistant Professor without Tenure, Rehabilitation Medicine,  
effective 2/1/2011**

Prior UW Appointment:

Acting Assistant Professor, temporary, Rehabilitation  
Medicine

Degrees:

- MD, 2001, Oregon Health Sciences University
- BA, 1994, Stanford University

**McGough, Ellen L.**

**Assistant Professor without Tenure, Rehabilitation Medicine,  
effective 1/2/2011**

Prior UW Appointment:

Senior Fellow, Rehabilitation Medicine

Degrees:

- MED, 2003, University of Washington
- BS, 1986, University of Wisconsin (Lacrosse)
- BS, 1982, University of Wisconsin (Lacrosse)

**University of Washington, Bothell**

**Science and Technology, Bothell**

**Lyman, Seth Neeley**

**Research Assistant Professor, Science and Technology,  
Bothell, effective 1/1/2011**

Prior UW Appointment:

Research Associate, Science and Technology, Bothell

Degrees:

- PhD, 2009, University of Nevada (Reno)
- BS, 2004, Brigham Young University (Utah)

## VII. STANDING COMMITTEES

## A. Academic and Student Affairs Committee

The Henry Art Gallery at the University of Washington: Building a Culture of Creativity through Community Engagement

## INFORMATION ONLY

The Henry Art Gallery was founded in 1926 on the principle that art stimulates inquiry, fosters knowledge, and builds healthy communities. Today, the Henry is internationally recognized as a pioneer in the study and presentation of contemporary art. With a collection of over 25,000 objects, it is also a vital resource to University students and faculty and to regional schools, artists, and the public. Healthy communities are tolerant and curious. They are not passive repositories of culture but active participants in dialogue and debate about our world. Henry Executive Director Sylvia Wolf will talk about how the Henry serves as a beacon and a magnet for the University, fostering ties with the community and forging new relationships across the region. She will be joined by Elaine Colligan, a 17-year-old college bound student from Roosevelt High School whose life has been profoundly altered by her experience with the Henry's student guide program. The museum has recently been awarded a Golden Apple Award by Seattle public broadcasting, KCTS, for excellence in promoting education by youth to youth. The Henry: Washington State's oldest museum with the newest ideas.

Sylvia Wolf, Director of the Henry Art Gallery, came to the University of Washington in April 2008. Previously, she had served as the endowed chair of the Photography Department at the Whitney Museum of American Art, New York, and as curator of photography at the Art Institute of Chicago. She is the author of over twelve books on contemporary art and photography, including *Polaroids: Mapplethorpe* (2007); *Ed Ruscha and Photography* (2004); *Michal Rovner: The Space Between* (2002); *Julia Margaret Cameron's Women* (1998); and *Dieter Appelt* (1994). As an educator, Wolf has taught courses in curatorial studies, art history, and studio art at the graduate and undergraduate level, most recently at Columbia University, New York University, and the School of Visual Arts, New York. At the University of Washington, Wolf is an Affiliate Professor in the School of Art, and is currently Chair of the School of Art Director Search Committee. She is on the Board of Trustees of the Association of Art Museum Directors, where she chairs the Professional Practices Committee. Wolf is the recipient of numerous awards for scholarship and leadership, including the French government's Chevalier de l'Ordre des Arts et des Lettres. She received a BA from Northwestern University and an MFA from Rhode Island School of Design; and is an International Fellow in the School for Cultural Analysis, University of Amsterdam, Netherlands.



## VII. STANDING COMMITTEES

### A. Academic and Student Affairs Committee

#### The Henry Art Gallery at the University of Washington: Building a Culture of Creativity through Community Engagement (continued p. 2)

Seventeen-year-old Elaine Colligan, is a Seattle native and a college bound senior from Roosevelt High School. Elaine has diverse interests and accomplishments, which include being her high school's French Club President, Managing Editor of the Roosevelt High News, and playing Ultimate Frisbee. In 2010 Elaine was voted Best Delegate at the Washington Model United Nations Conference at University of Washington, where she, with other high school students from around the country, took on the role of diplomats who engaged in research, debate and analysis of diverse global issues. Elaine is also a 4.0 student and an active member of the National Honors Society. Since 2008 Elaine has led tours of current exhibitions at the Henry, organized high school student art exhibitions and helped launch Teens at the Henry, a group which holds art events at the museum and advises staff on ways to make the Henry an inviting and educational place for young people.



VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Grant and Contract Awards Summary – December, 2010

RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents accept the Grant and Contract Awards of \$1,000,000 or more as presented in the attached report.

*Attachment*

Grant and Contract Awards Summary for December, 2010

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# **Grant and Contract Awards Summary**

**to**

**The Board of Regents**

**of the**

**University of Washington**

**for**

**December 2010**

**Office of Research**

**Office of Sponsored Programs**

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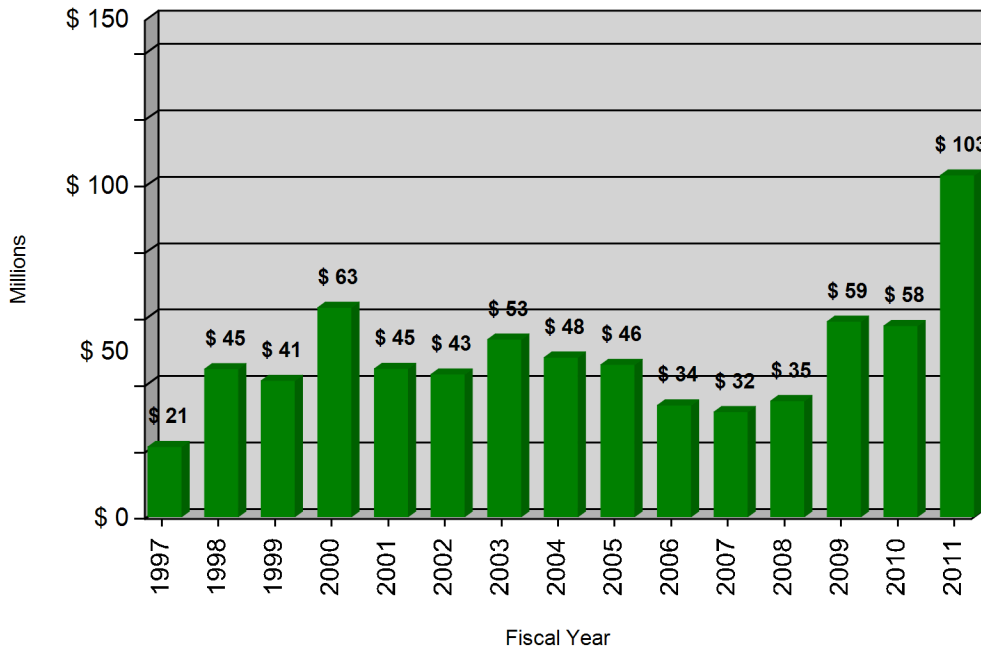
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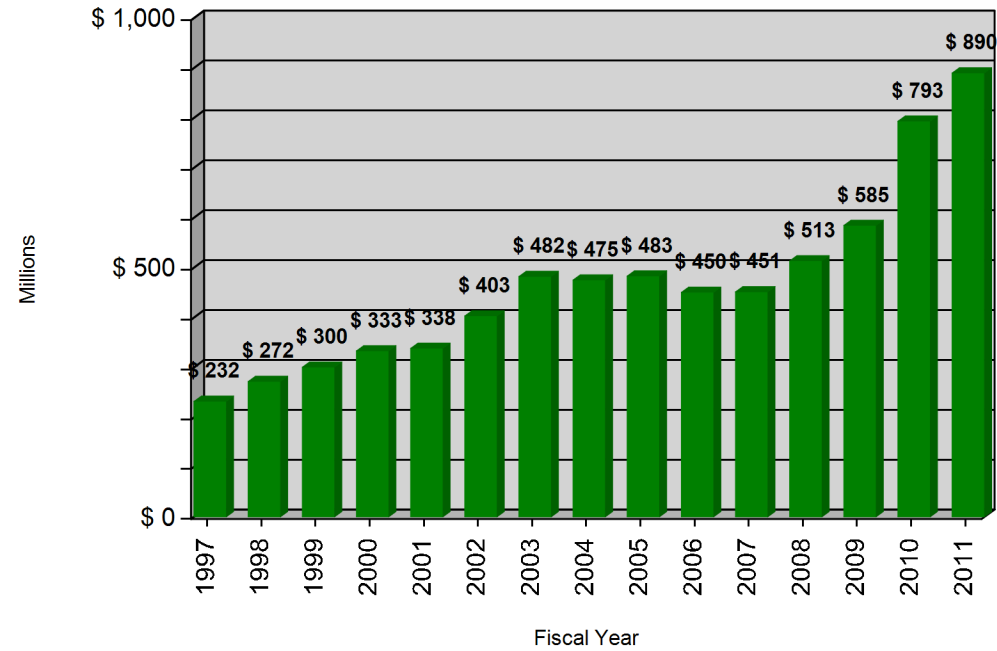
## Table of Contents

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Report of Grant & Contract Awards over \$1,000,000	11

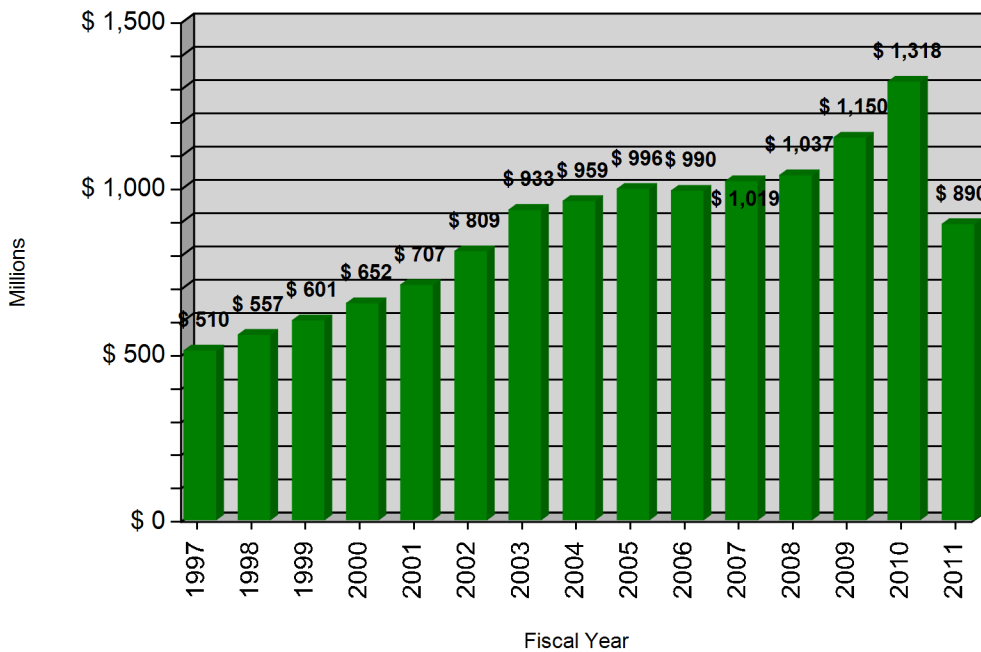
**December Only**  
Comparison of Grant & Contract Awards



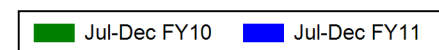
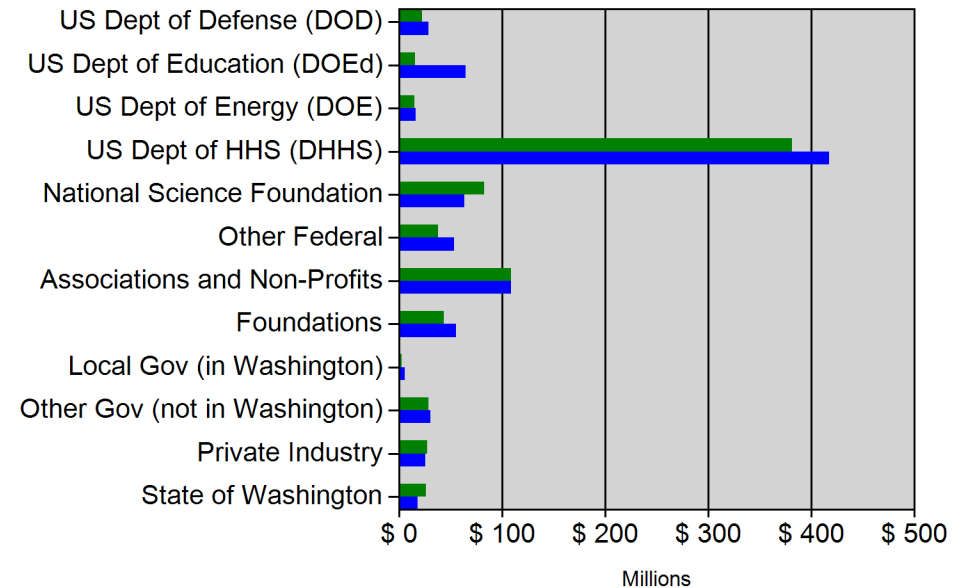
**Fiscal Year to Date**  
Comparison of Grant & Contract Awards



**Complete Fiscal Year**  
Comparison of Grant & Contract Awards



**Fiscal Year to Date**  
Two-Year Comparison of Grant and Contract Awards





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**Summary of Grant and Contract Awards**Fiscal Year 2010-2011

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Month	RESEARCH AND OTHER		TRAINING		Total Grants and Contracts
	Federal	Non-Federal	Federal	Non-Federal	
July	\$ 116,733,700	\$ 35,329,850	\$ 15,457,740	\$ 2,100,929	\$ 169,622,200
August	\$ 177,960,700	\$ 29,958,070	\$ 11,027,470	\$ 547,136	\$ 219,493,300
September	\$ 163,760,900	\$ 43,734,420	\$ 46,816,820	\$ 5,296,927	\$ 259,609,000
October	\$ 51,765,760	\$ 29,066,660	\$ 4,078,383	\$ 318,448	\$ 85,229,260
November	\$ 24,811,640	\$ 25,350,030	\$ 377,023	\$ 2,265,686	\$ 52,804,390
December	\$ 30,383,070	\$ 69,486,650	\$ 903,062	\$ 2,025,040	\$ 102,797,800
<b>FY11 to Date</b>	<b>\$565,415,651</b>	<b>\$232,925,690</b>	<b>\$78,660,499</b>	<b>\$12,554,165</b>	<b>\$889,556,006</b>
<b>FY10 to Date</b>	<b>\$472,173,308</b>	<b>\$230,036,338</b>	<b>\$83,194,718</b>	<b>\$7,959,668</b>	<b>\$793,364,033</b>
<b>Over (Under) Previous Year</b>	<b>\$93,242,343</b>	<b>\$3,564,680</b>	<b>(\$4,534,219)</b>	<b>\$4,594,497</b>	<b>\$96,867,301</b>

*Assuming acceptance of all awards by the Board of Regents*

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**Comparison of Grant and Contract Awards by Agency****Fiscal Years 2009-2010 and 2010-2011**

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<b>Agency</b>	<b>Jul-Dec FY10</b>	<b>Jul-Dec FY11</b>
US Department of Defense (DOD)	\$ 22,356,460	\$ 28,806,285
US Department of Education (DOEd)	\$ 15,548,257	\$ 64,508,695
US Department of Energy (DOE)	\$ 15,392,971	\$ 16,663,087
US Department of Health and Human Services (DHHS)	\$ 381,011,819	\$ 417,144,145
National Science Foundation (NSF)	\$ 82,641,965	\$ 63,628,628
Other Federal	\$ 38,416,554	\$ 53,325,311
<b>Subtotal for Federal :</b>	<b>\$ 555,368,026</b>	<b>\$ 644,076,150</b>
Associations and Non-Profits	\$ 109,101,575	\$ 108,877,519
Foundations	\$ 43,559,756	\$ 55,751,396
Local Government (in Washington)	\$ 2,432,788	\$ 5,839,561
Other Government (not in Washington)	\$ 28,959,347	\$ 30,730,141
Private Industry	\$ 27,530,683	\$ 25,837,060
State of Washington	\$ 26,411,859	\$ 18,444,179
<b>Subtotal for Non-Federal :</b>	<b>\$ 237,996,007</b>	<b>\$ 245,479,855</b>
<b>Grand Total :</b>	<b>\$ 793,364,033</b>	<b>\$ 889,556,006</b>
<b>Amount of Increase (Decrease) :</b>		<b>\$ 96,186,956</b>
<b>Percent of Increase (Decrease) :</b>		<b>12.1 %</b>

*Assuming acceptance of all awards by the Board of Regents*

**Comparison of Grant and Contract Awards by School/College**

Fiscal Years 2009-2010 and 2010-2011

School/College	Jul-Dec FY10	Jul-Dec FY11
<b>Upper Campus</b>		
Architecture and Urban Planning	\$ 471,430	\$ 1,737,338
Arts and Sciences	\$ 59,768,673	\$ 53,567,662
College of the Environment	\$ 24,077,749	\$ 66,781,178
Director of Libraries	\$ 132,000	\$ 282,381
Education	\$ 3,860,265	\$ 16,904,642
Educational Outreach		\$ 175,000
Engineering	\$ 59,349,753	\$ 63,304,930
Evans School of Public Affairs	\$ 984,805	\$ 1,490,069
Executive Vice President		\$ 236,340
Forest Resources	\$ 1,793,271	\$ 341,802
Foster School of Business	\$ 834,880	\$ 1,103,215
Graduate School	\$ 3,802,291	\$ 929,500
Information School	\$ 2,690,585	\$ 1,414,374
Law	\$ 439,707	\$ 1,943,206
Ocean and Fishery Sciences	\$ 67,096,588	\$ 15,286,692
Office of Research	\$ 19,653,896	\$ 37,216,537
Social Work	\$ 11,309,191	\$ 14,696,941
Undergraduate Education	\$ 213,373	\$ 1,573,269
VP Minority Affairs	\$ 4,802,313	\$ 6,597,431
VP Student Affairs	\$ 280,137	
VP Student Life	\$ 20,715	\$ 43,649,796
<b>Subtotal :</b>	\$ 261,581,622	\$ 329,232,302
<b>Health Sciences</b>		
Dentistry	\$ 4,599,508	\$ 2,050,145
Medicine	\$ 432,236,732	\$ 435,710,723
Nursing	\$ 11,806,221	\$ 11,525,545
Pharmacy	\$ 9,490,513	\$ 10,754,851
Public Health	\$ 55,006,335	\$ 79,430,008
<b>Subtotal :</b>	\$ 513,139,309	\$ 539,471,272
<b>Special Programs</b>		
Alcohol and Drug Abuse Institute	\$ 2,798,542	\$ 2,973,845
CHDD Administration	\$ 5,551,413	\$ 4,320,852
Hall Health Primary Care Center		\$ 283,155
Regional Primate Center	\$ 7,976,745	\$ 6,553,080
<b>Subtotal :</b>	\$ 16,326,700	\$ 14,130,932
<b>Other UW Campuses</b>		
Bothell	\$ 1,959,596	\$ 1,522,464
Tacoma	\$ 356,806	\$ 5,199,036

School/College	Jul-Dec FY10	Jul-Dec FY11
Other UW Campuses	<b>Subtotal :</b>	\$ 2,316,402
	\$ 6,721,500	
	<b>Grand Total :</b>	\$ 793,364,033
		\$ 889,556,006

*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Grant Awards****Fiscal Year 2010-2011***Excluding private awards from Foundations, Industry, Associations and Others*

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Grants</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 110,707,300	\$ 3,759,472	\$ 15,393,240	\$ 1,192,557	\$ 131,052,500
August	\$ 173,709,400	\$ 3,816,791	\$ 11,027,470	\$ 202,523	\$ 188,756,200
September	\$ 160,838,900	\$ 11,810,130	\$ 46,627,480	\$ 4,129,317	\$ 223,405,800
October	\$ 39,992,300	\$ 6,303,664	\$ 4,078,383	\$ 70,000	\$ 50,444,340
November	\$ 19,016,630	\$ 5,976,814	\$ 295,100	\$ 272,797	\$ 25,561,340
December	\$ 29,907,510	\$ 5,642,230	\$ 903,062	\$ 450,000	\$ 36,902,800
<b>Year to Date</b>	<b>\$ 534,172,000</b>	<b>\$ 37,309,100</b>	<b>\$ 78,324,730</b>	<b>\$ 6,317,194</b>	<b>\$ 656,123,100</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Grant Awards****Fiscal Year 2010-2011***Private awards from Foundations, Industry, Associations and Others*

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<b>Month</b>	<b>RESEARCH AND OTHER</b>	<b>TRAINING</b>	<b>Total Grants</b>
July	\$ 25,178,410	\$ 369,153	\$ 25,547,570
August	\$ 22,652,840	\$ 121,830	\$ 22,774,670
September	\$ 27,643,110	\$ 573,762	\$ 28,216,870
October	\$ 15,102,430	\$ 237,448	\$ 15,339,870
November	\$ 17,705,000	\$ 752,796	\$ 18,457,790
December	\$ 56,332,190	\$ 1,182,000	\$ 57,514,190
<b>Year to Date</b>	<b>\$ 164,614,000</b>	<b>\$ 3,236,989</b>	<b>\$ 167,851,000</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Summary of Contract Awards**Fiscal Year 2010-2011

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<b>Month</b>	<b>RESEARCH AND OTHER</b>		<b>TRAINING</b>		<b>Total Contracts</b>
	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	
July	\$ 6,026,372	\$ 6,579,072	\$ 64,500	\$ 539,219	\$ 13,209,160
August	\$ 4,251,216	\$ 3,712,571	\$ 0	\$ 222,783	\$ 8,186,570
September	\$ 2,921,990	\$ 4,364,239	\$ 189,348	\$ 593,848	\$ 8,069,425
October	\$ 11,773,470	\$ 7,660,575	\$ 0	\$ 11,000	\$ 19,445,040
November	\$ 5,795,018	\$ 1,809,275	\$ 81,923	\$ 1,240,093	\$ 8,926,309
December	\$ 475,560	\$ 7,552,227	\$ 0	\$ 393,040	\$ 8,420,827
<b>Year to Date</b>	<b>\$ 31,243,620</b>	<b>\$ 31,677,960</b>	<b>\$ 335,771</b>	<b>\$ 2,999,983</b>	<b>\$ 66,257,330</b>

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*Assuming acceptance of all awards by the Board of Regents*

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**Report of Grant and Contract Awards  
of \$1,000,000 or More**

**December 2010**

**Requiring action of  
The Board of Regents  
of the  
University of Washington**

**Office of Research  
Office of Sponsored Programs**

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**Detail of Public Grant Awards**

**Federal**

**US Department of Defense (DOD)**

**DARPA Information Processing Technology Office**

To: Zoran Popovic, Associate Professor \$ 1,950,000  
 Computer Science & Eng  
 For: Engage: A Game Based Learning and Problem Solving Framework  
 Eff: 12/28/2010 Classified: No

**Total for DARPA Information Processing Technology Office: \$ 1,950,000**

**Office of Naval Research (ONR)**

To: Andrew Jessup, Apl-principal Oceanographer \$ 1,007,019  
 Applied Physics Lab  
 For: Remote Sensing and Data-Assimilative Modeling in the Littorals  
 Eff: 8/1/2010 Classified: No

**Total for Office of Naval Research (ONR): \$ 1,007,019**

**US Department of Defense (DOD)**

To: Bruce Tempel, Professor \$ 1,517,382  
 Otolaryng-Hd&Neck Surg  
 For: Gene Regulation and Noise/BOP Protection  
 Eff: 12/10/2010 Classified: No

**Total for US Department of Defense (DOD): \$ 1,517,382**

**Total for US Department of Defense (DOD): \$ 4,474,401**

**US Department of Health and Human Services (DHHS)**

**National Institutes of Health (NIH)**

To: Gerald Van Belle, Professor Emeritus \$ 5,623,662  
 Biostatistics  
 For: Resuscitation Outcomes Consortium (ROC) Data Coordinating  
 Center  
 Eff: 1/1/2011 Classified: No

**Total for National Institutes of Health (NIH): \$ 5,623,662**

**Total for US Department of Health and Human Services (DHHS): \$ 5,623,662**

**Other Federal**

**Environmental Protection Agency (EPA)**

To: Sverre Vedal, Professor \$ 1,702,145  
 Enviro & Occup Health  
 For: UW Center for Clean Air Research  
 Eff: 12/1/2010 Classified: No

**Total for Environmental Protection Agency (EPA): \$ 1,702,145**

**Total for Other Federal: \$ 1,702,145**

**Total for Federal: \$ 11,800,208**

**Total Public Grants: \$ 11,800,208**

## Detail of Private Grant Awards

### Foundations

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#### Amgen Foundation

To: Janice Decosmo, Associate Dean  
Dean Undergrad Ed \$ 1,000,000

For: UW Amgen Scholars Program - Phase II

Eff: 10/1/2010 Classified: No

**Total for Amgen Foundation: \$ 1,000,000**

#### Bill and Melinda Gates Foundation

To: Christopher J Murray, Professor  
Global Health \$ 3,000,000

For: Disease Control Priorities Network

Eff: 4/1/2009 Classified: No

To: Christopher J Murray, Professor  
Global Health \$ 11,297,026

For: Health Metrics Institute Proposal

Eff: 5/1/2007 Classified: No

**Total for Bill and Melinda Gates Foundation: \$ 14,297,026**

**Total for Foundations: \$ 15,297,026**

**Total Private Grants: \$ 15,297,026**

## Detail of Contract Awards

### Associations and Non-Profits

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#### Consortium for Ocean Leadership, Inc.

To: John R. Delaney, Professor  
School Of Oceanography \$ 28,071,282

For: Ocean Observatories Initiative: Regional Scale Nodes

Eff: 9/1/2009 Classified: No

**Total for Consortium for Ocean Leadership, Inc.: \$ 28,071,282**

**Total for Associations and Non-Profits: \$ 28,071,282**

### Private Industry

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#### AiCuris GmbH & Co. KG

To: Lawrence Corey, Professor  
Department Of Medicine \$ 1,369,603

For: A double-blind, randomized, multicenter, placebo controlled  
dose-finding trial to investigate different doses of a new antiviral drug  
of AiCuris in patients with genital HSV Type 2 infection

Eff: 4/1/2010 Classified: No

**Total for AiCuris GmbH & Co. KG: \$ 1,369,603**

#### GlaxoSmithKline, Inc.

To: Christopher B Wilson, Professor  
Immunology \$ 1,623,778

For: Generation and Analysis of Humanized TLR7/TLR8 Mice

Eff: 9/30/2009 Classified: No

**Total for GlaxoSmithKline, Inc.: \$ 1,623,778**

**Total for Private Industry: \$ 2,993,381**

**Total Contracts: 13 of 14 \$ 31,064,663**

**Grand Total for all Awards**

**\$ 58,161,897**

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**University of Washington Job Order Contract – Award ContractRECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be issued special delegated authority to award a Job Order Contract (JOC) to the most qualified contractor selected. The maximum total contract amount for the cumulative value of all work orders shall not exceed \$4 million per year for a maximum of three years and \$12 million. Each work order will be limited to a maximum of \$300,000 except that the University may issue two work orders not exceeding \$350,000 for each year of the contract.

BACKGROUND:

JOC is a legislatively-approved, public works procurement tool that the University has had in place for the past seven years. This contract shall provide indefinite delivery and indefinite quantity - up to contract monetary maximum - for construction services for minor construction, renovation, repair and alteration projects. The new contract will have a two year term with the option to renew a third year. Individual work orders are anticipated to be in the \$90,000 to \$300,000 range.

The current contract, established in 2009, expires on May 29, 2011. This contract may be renewed for a third year at the University's option. The May 29, 2010 to May 29, 2011 annual \$4 million contracting limit is being approached due to unanticipated work at University of Washington Medical Center and at Harborview Medical Center.

The JOC is a very useful tool on projects that have tight schedule requirements to meet client demands and a new contract is needed to fulfill client requests from now until May 2011. In addition, a second JOC contract is required to help assure that the University has adequate supervision during periods of high use and will, through competition, incentivize both JOCs to perform at a higher level.

The Capital Projects Office advertised for firms interested in providing JOC services in January 2011. A panel will be convened to review the qualifications and determine which firms will be selected for interviews. Following the interviews, selected firms will be invited to submit bids. The bids will consist of coefficient mark-ups for work to be performed at the University of Washington Seattle, Bothell and Tacoma campuses and associated sites.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

University of Washington Job Order Contract – Award Contract (continued p. 2)

CONTRACTUAL QUALIFICATION:

This JOC contract will be used to meet client requirements for up to three years. The selected JOC will be reported under special delegated authority to the Regents upon contract execution.

Funding will be provided by various sources on a project by project basis.

*Attachment*  
JOC RFQ Evaluation Form



**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**Actions Taken Under Delegated Authority

Pursuant to the Standing Orders of the Board of Regents, Delegation of Authority, and to the delegation of authority from the President of the University to the Senior Vice President in Administrative Order No. 1, to take action for projects or contracts that exceed \$1,000,000 in value or cost but are less than \$5,000,000, the Administration may approve and execute all instruments.

REPORT OF ACTIONS TAKEN UNDER GENERAL DELEGATED AUTHORITY –  
CAPITAL PROJECT BUDGETS

1. Kincaid Hall Lab/Grad Offices Renovation, Project No. 202666  
Actions Reported: Award Construction Contract / Budget Adjustment

On December 17, 2010, a construction contract was awarded to Lease Crutcher Lewis in the amount of \$883,134 for the Kincaid Hall Lab/Grad Offices Renovation project. This contract amount includes the base bid of \$866,630 plus one additional alternate. Six bids were received for this project; the highest base bid was \$997,000. The budgeted construction cost was \$628,210 including additional alternates.

Lease Crutcher Lewis is a local general contractor with a long history of constructing healthcare, pharmaceutical, and bio-technology facilities. Currently they are working on the Bagley 291 Teaching Lab and a number of projects at the UWMC.

On December 13, 2010, the forecasted budget for this project was revised to \$1,498,000, an increase of \$363,000 from the original approved budget of \$1,135,000 to reflect higher than expected bid results.

To support Michael Dickenson's research on neurobiology and biomechanics of locomotion in flies, the suite of labs on the third floor of Kincaid Hall will be renovated to house an open lab; faculty, grad and post-grad offices; and small experiment workrooms. The project will consist of demolition of existing casework, utility upgrade for contemporary biological lab standards, installation of flex-lab furniture, and lab bench dividers for full utilization of floor space for desk and computer stations. Mechanical system design must comply with strict temperature control criteria, not exceeding 22 degrees C.

Construction completion is expected in April 2011.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 2)

The project budget is established at \$1,498,000. Project is fully funded by the 2009-2011 Arts & Sciences Program Renewal Budget.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$193,546	\$195,051
Total Construction Cost*	\$825,469	\$1,095,587
Other Costs	\$20,351	\$83,156
Project Administration	\$95,634	\$124,206
Total Project Budget	\$1,135,000	\$1,498,000

\* Includes construction contract amount, contingencies and state sales tax.

#### 2. Magnuson Health Sciences Center (MHSC) C, D, E, F, G Envelope Improvements Project No. 202978 Action Reported: Select Architect

On December 13, 2010, an agreement for architectural services was awarded to SHKS Architects, for the MHSC C, D, E, F, G Envelope Improvements project. In November 2010, the Capital Projects Office selected three firms via the Shared Procurement Portal system. Interviews were held on November 19, 2010 for SHKS Architects, DKA Architecture, and S. M. Stemper Architects. The agreement amount is \$95,808 for architectural services through the construction documents phase included in a budget value of \$184,600 for all design consultants. The balance of the design budget is intended for predesign services and a hazardous materials consultant.

SHKS Architects has a long history working on projects for the University of Washington. Recent projects include roof replacements on the Portage Bay Building, Condon Hall and Padelford Hall and the Gould Hall Digital Commons. They have completed similar projects for a variety of local government agencies in Western Washington.

This project will repair the facades of MHSC Wings C, D, E, F, & G facing the courtyards C, E, and G. The scope of work includes repairing and mechanically reattaching the terra cotta parapet caps; cleaning, repairing, and reattaching terra cotta window trim; cleaning brick veneer, repairing mortar, anchoring the brick above exit doors and paths, and installing lintels above the windows to support the brick; cleaning and repairing glass fiber reinforced concrete panels above the



## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 3)

windows; and cleaning and repairing balcony surfaces, reinforcement, and railings.

The project budget is established to complete design only and is funded accordingly with 2009-2011 biennium funds. Design will be completed in early May 2011 to allow construction to proceed in the summer of 2011 if funding for construction is appropriated in the 2011-2013 biennium. Construction costs are to investigate existing conditions in the exterior walls. Preliminary estimates of total project cost range from \$1.65M to \$2.2M.

The project budget is established at \$300,000 for design only. Funding is provided from the 2009-2011 Facilities Services Building Renewal Budget. The budget will be adjusted when Facilities Services Building Renewal funding for construction is provided.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$184,600	\$184,600
Total Construction Cost*	\$26,171	\$26,171
Other Costs	\$21,891	\$21,891
Project Administration	\$67,338	\$67,338
Total Project Budget	\$300,000	\$300,000

\* Includes construction contract amount, contingencies and state sales tax.

#### 3. Child & Family Well-Being Center Project No. 203061 Action Reported: Award Construction Contract/Budget Adjustment

On December 29, 2010, a construction contract was awarded to Western Ventures Construction, Inc. of Montlake Terrace, Washington, in the amount of \$1,180,000 for the Child & Family Well-Being Center Project. Eight bids were received for this project; the highest bid was \$1,295,540. The budgeted construction cost was \$1,190,000.

Western Ventures Construction, Inc. is a local general contractor established in 1983. They have completed numerous projects for the University of Washington (UW), including work at the University of Washington Medical Center, Harborview Medical Center, and numerous buildings throughout campus. They are currently working on the Mary Gates Hall Student Services, Safe Campus Fire

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 4)

and Life Safety Monitoring and Notification, and Henry Art Gallery Cooling Tower Replacement projects.

The project will renovate the building currently known as the Staff Services Building to accommodate the Child & Family Wellbeing Center. The approximately 9,170 assignable square foot project will create computational human observation labs with sound isolation, research offices, instructional area, facility reception area and administrative offices.

Construction will start in February 2011, with completion forecasted to the beginning of June 2011.

On January 26, 2011, the forecasted budget for this project was revised to \$2,525,000, an increase of \$525,000 from the original approved budget of \$2,000,000. This increase includes additional owner-requested furniture, and the installation of a new roof, and the associated costs to complete the increased scope. The roof is now being replaced due to previously unknown leaks that were discovered during the December 2010 rains.

The project budget is \$2,525,000. Original and increased funding is provided from the 2009-2011 Arts & Sciences Program Renewal Budget.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$263,801	\$360,170
Total Construction Cost*	\$1,498,508	\$1,761,691
Other Costs	\$83,993	\$206,241
Project Administration	\$153,698	\$196,898
Total Project Budget	\$2,000,000	\$2,525,000

\* Includes construction contract amount, contingencies and state sales tax.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 5)

#### 4. University of Washington Medical Center (UWMC) Post Anesthesia Care Unit Renovation Project No. 203081 Action Reported: Select Architect/Adopt Budget

On January 5, 2011, an architectural agreement was awarded to NBBJ Architects, for the UWMC Post Anesthesia Care Unit (PACU) Renovation project under their existing Master Term for Architectural Services contract. The agreement amount is \$176,209 for basic services included in a budget value of \$419,550 for all design consultants. The balance of the design budget is intended for hazardous materials, pre-construction balancing and load testing, interior design, General Contractor/Construction Manager (GC/CM) selection and a previously completed predesign.

NBBJ Architects is an international firm with experience working with the University since 1999. They are now completing the UWMC Expansion project and UWMC Medical Specialties Project. In addition to the many projects they have worked on at the Seattle campus, they have also worked at both medical centers, as well as Tacoma. Other medical projects completed by NBBJ are at Valley Medical Center, Overlake Medical Center, and Virginia Mason.

The remodel of the existing PACU unit seeks to increase patient safety and comfort, enhance the staff's functional processes, provide better ergonomic conditions at work stations, and increase the unit's capacity for supply and equipment storage. The PACU is approximately 4500 sq ft and provides both pre-op and post-op care. A new head wall design will meet better standards of ergonomic locations for gases and other patient care components.

A GC/CM is being considered for this project due to the risks associated with patient safety, construction phasing requirements to keep the facility in 24/7 operations, and the location of the construction project in vicinity to the operating rooms. The state's Project Review Committee (PRC) reviewed and approved the PACU project on January 27 to use the GC/CM tool. The State has authorized use of GC/CM for projects with a value less than \$10M with approval of the PRC. The Capital Projects Office will request authority to use Alternative Public Works from the Regents in March 2011.

Design is scheduled to complete by July, 2011. GC/CM is forecasted to be selected in March to aid with preconstruction services. Construction will begin in August, with completion scheduled for October 2012.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 6)

The project budget is established at \$2,415,000. Funding of \$2,415,000 will be provided from the University of Washington Medical Center.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$419,773	\$419,773
Total Construction Cost*	\$1,764,156	\$1,764,156
Other Costs	\$41,904	\$41,904
Project Administration	\$189,167	\$189,167
Total Project Budget	\$2,415,000	\$2,415,000

\* Includes construction contract amount, contingencies and state sales tax.

#### 5. Magnuson Health Sciences Center (MHSC) E Court Membrane Replacement No. 203172 Action Reported: Select Architect

On December 13, 2010, an architectural agreement was awarded to Cornerstone Architectural Group for the MHSC E Court Membrane Replacement project under their existing Master Term Agreement for Architectural Services. The agreement amount is \$142,767 for basic services through the construction documents phase included in a budget value of \$185,921 for all design consultants. The balance of the design budget is intended for a hazardous materials consultant. Preliminary estimates of total project cost range from \$2.5M to \$3M.

Cornerstone Architectural Group has provided services for roof replacements at MHSC AA-Wing, MHSC T-Wing, Wilcox Hall, and Mechanical Engineering Building, curtain wall repairs at Suzzallo Library, and the balcony waterproofing replacement at Gould Hall. Cornerstone has provided investigation and design services for roof replacements and wall, roof, and window repairs at other public agencies locally including the federal General Services Administration, the US Postal Service, school districts, and other state and local agencies.

The purpose of this project is to eliminate leaks from the MHSC E Courtyard into the building below. This project will demolish and replace all existing E Courtyard roof membrane and associated landscaping.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 7)

Design will be completed in May 2011 to allow construction to proceed in the summer of 2011 if funding for construction is appropriated in the 2011-2013 biennium.

The project budget is established at \$300,000 for design only. Funding is provided from the 2009-2011 Facilities Services Building Renewal Budget. The budget will be adjusted when Facilities Services Building Renewal funding for construction is provided.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$185,921	\$185,921
Total Construction Cost*	\$0	\$0
Other Costs	\$28,037	\$28,037
Project Administration	\$86,042	\$86,042
Total Project Budget	\$300,000	\$300,000

\* Includes construction contract amount, contingencies and state sales tax.

#### 6. Miller Hall HVAC Chiller Replacement, Project No. 203185 Actions Reported: Award Construction Contract/Budget Adjustment

On December 29, 2010, a construction contract was awarded to Design Air, Ltd. in the amount of \$386,400 for the Miller Hall HVAC Chiller Replacement project. Eight bids were received for this project; the highest bid was \$551,699. The budgeted construction contract amount was \$708,000. The project budget was originally established at \$1,137,000. The project budget has been reduced to \$783,000 due to favorable bid results.

Design Air Ltd. is a local mechanical contractor with a long history of constructing HVAC systems. Currently they are working on the Hitchcock Hall Cooling Tower Upgrade project.

This chiller replacement project provides a new air-cooled modular style packaged chiller located on the roof of Miller Hall to replace the existing 40+ year old air conditioning system. The air handling unit replacement includes supply fan, cooling coil, heating coil and building mechanical control system. Construction started in January 2011, with completion forecasted for May 2011.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 8)

The project funding is provided from the 2009-2011 Facilities Services Building Renewal Budget.

Budget Summary:	Original Approved Budget	Current Approved Budget Forecast Cost to Complete
Total Consultant Services	\$131,195	\$166,215
Total Construction Cost*	\$893,992	\$486,083
Other Costs	\$23,109	\$ 41,998
Project Administration	\$88,704	\$88,704
Total Project Budget	\$1,137,000	\$783,000

\*Includes construction contract amount, contingencies and state sales tax.

7. Henry Art Gallery Cooling Tower Replacement, Project No. 203279  
Action Reported: Construction Contract Award

On December 29, 2010, a construction contract was awarded to Western Ventures Construction of Mountlake Terrace, WA in the amount of \$598,700 for the Henry Art Gallery Cooling Tower Replacement project. Eight bids were received for this project. The highest bid was \$979,703. The budgeted construction cost was \$537,750.

Western Ventures Construction, Inc, is a local general contractor established in 1983. They have completed numerous projects for the University of Washington (UW), including work at the University of Washington Medical Center, Harborview Medical Center, and numerous buildings throughout campus. They are currently working on the Mary Gates Hall Student Services, Safe Campus Fire and Life Safety Monitoring and Notification, and Henry Art Gallery Cooling Tower Replacement projects.

The scope of the project will replace the existing cooling tower, chiller and other associated HVAC equipment and controls to increase the reliability and maintainability of the environmental control system serving the Henry Art Gallery.

On site construction will begin in February 2011 with project completion anticipated for May 2011.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 9)

The project funding of \$1,500,000 is from the 09-11 Facilities Services Building Renewal fund.

Budget Summary:	Current Approved Budget	Forecast Cost to Complete
Total Consultant Services	\$317,772	\$272,872
Total Construction Cost*	\$960,863	\$1,049,892
Other Costs	\$99,719	\$55,590
Project Administration	\$121,646	\$121,646
Total Project Budget	\$1,500,000	\$1,500,000

\*Includes construction contract amount, purchase of the owner furnished mechanical equipment, contingencies and state sales tax.

8. Chemistry Library Tenant Improvement, Project No. 203315  
Action Reported: Select Architect, Award Construction Contract / Budget Adjustment

On December 23, 2010, the budget for the Chemistry Library Tenant Improvement project was increased from \$950,000 to \$1,490,000 to add two bid alternates to the project scope, and to provide funding for furniture.

In April 2010, the Capital Projects Office selected Perkins & Will Architects to perform a predesign for this project. Four firms were considered including Perkins & Will Architects, SRG Partnership, ZGF and Hoshide Williams. On October 27, 2010, a basic services agreement for the Chemistry Library Tenant Improvement project was awarded to Perkins & Will Architects. The basic services agreement amount is \$74,550 included in a budget value of \$158,611 for all design consultants. The balance of the design budget is intended for hazardous materials consultant, commissioning, testing, and previously completed predesign.

Perkins & Will is a Chicago-based firm established in 1935 and currently employs 35 locally and 1200 companywide. They have provided services to the University of Washington on multiple projects, including MHSC J-1/J-2 Microbiology Remodel and Guthrie Hall 3rd and 4th Floor Improvements Study. Perkins & Will's current UW projects include: Husky Union Building and Kincaid Lab Renovation.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 10)

On December 29, 2010, a construction contract was awarded to Mike Werlech Construction in the amount of \$783,770 for the Chemistry Library Tenant Improvement project. This contract amount includes a base bid of \$421,770 plus alternates one and two. Sixteen bids were received for this project; the highest base bid was \$576,000. The budgeted construction cost was \$525,000.

Mike Werlech Construction is a small local general contractor with experience in housing and K12 facility renovations. Public works experience includes the Wedgewood Estates Envelope Repairs for the Seattle Housing Authority and upgrades to Roxhill and Gatewood Elementary Schools for the Seattle Schools.

The project scope consists of tenant improvement of approximately 6,000 sf in the existing Chemistry Library building. The vacant library space will house offices and lounge for the Chemistry Department and adds four dry laboratories.

The construction is anticipated to be complete in June 2011.

The project budget is established at \$1,490,000. Project is fully funded by Arts & Sciences Program Renewal budget.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$158,611	\$205,866
Total Construction Cost*	\$689,850	\$1,029,875
Other Costs	\$19,795	\$38,914
Equipment/Furniture	\$0	\$93,075
Project Administration	\$81,744	\$122,270
Total Project Budget	\$950,000	\$1,490,000

\* Includes construction contract amount, contingencies and state sales tax.



## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 11)

#### 9. Intramural Activities Building (IMA) Roof Project No. 203321 Actions Reported: Award Construction Contract

On December 13, 2010 a construction contract was awarded to Wayne's Roofing located in Sumner, Washington, in the amount of \$2,343,000 for the IMA Building Roof Replacement, Project No. 203321. Ten bids were received for this project; the highest base bid was at \$2,972,240. The budgeted construction cost was \$2,250,095.

Wayne's Roofing has been in business for over 35 years, specializing in large roofing projects for educational, industrial, medical, office, retail and warehouse clients. Their list of clients include: Green River Community College, Clover Park Schools in Tacoma, Boeing, King County, Port of Seattle, St. Joseph Hospital, Valley Medical, State of Washington, Costco, Microsoft, Issaquah School District, Home Depot, Office Depot, and Starbuck's.

This project re-roofs the original 40+ year old roof at the Intramural Activities Building. The project will include roof safety improvements, permit required energy code improvements, and the addition of solar panels.

Construction began in December, and is forecast to be complete in June 2011.

The project budget is \$3,199,746. The forecast is \$3,427,396 to reflect higher bid results and additional contingency for roof work during winter months. Funding of \$3,428,000 is provided from Facilities Services Building Renewal 09-11.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$157,939	\$254,102
Total Construction Cost*	\$2,833,433	\$2,950,423
Other Costs	\$33,471	\$47,968
Project Administration	\$174,903	\$174,903
Total Project Budget	\$3,199,746	\$3,427,396

\* Includes construction contract amount, contingencies, and state sales tax.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 12)

##### 10. UW Tower Chiller Retrofit Project No. 203402 Action Reported: Select Engineer

On December 21, 2010, a contract for engineering services was awarded to Wood Harbinger Inc., for the UW Tower Chiller Retrofit project under their existing Master Term Agreement for Engineering Services. The basic services agreement amount is \$143,424 included in a budget value of \$225,717 for all design consultants. The balance of the design budget is intended for additional programming and hazardous materials consultant. Preliminary estimates of total project cost range from \$3M to \$4M.

Wood Harbinger is a multidiscipline engineering firm, headquartered in Bellevue, WA, with extensive experience working with the University spanning almost twenty years. They have completed several successful projects for the UW under their master term agreements for HVAC consulting services awarded in March 2009. Wood Harbinger has experience in the design of retrofit projects of all sizes where minimal or no down time is allowed and with requirements for temporary backup systems during construction, design of construction phasing, and close coordination with the owner/operator to establish construction criteria.

The UW Tower was constructed in 1970. The chillers and cooling towers that serve the building have been well maintained, but have exceeded their expected service life by approximately 10 years, and are in need of replacement. Options will be evaluated for replacement and modernization of the chilled water system equipment, controls and other associated equipment. A complete construction cost estimate will be developed during the early phases of design.

Design is expected to be completed by June 2011. Confirmation of construction funding is pending.

The project budget is established at \$280,000 for design only. Funding has been provided from the 2009-2011 Facilities Services Building Renewal Budget. The budget will be adjusted when Facilities Services Building Renewal funding for construction is provided.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 13)

Budget Summary:	Current Approved Budget*	Forecast Cost At Completion*
Total Consultant Services	\$225,717	\$225,717
Other Costs	\$21,940	\$21,940
Project Administration	\$32,343	\$32,343
Total Project Budget	\$280,000	\$280,000

11. Magnuson Health Sciences Center (MHSC) Roof Replacement Project No. 203452  
Action Reported: Select Architect

On January 7, 2011, an architectural agreement was awarded to Ato Apiafi Architects PLLC for the MHSC Roof Replacement Project (Wings AA, B, C, D, E, F, I and J). In October 2010, the Capital Projects Office selected three firms. Interviews were conducted on November 17, 2010 with Ato Apiafi Architects, ORB Architects, and Schemata Workshop. The agreement amount is \$104,185 for predesign services included in a budget value of \$175,026 for all design consultants. The balance of the design budget is intended for a hazardous materials consultant, a building envelope consultant and selective demolition/roof coring. The expected total project cost to replace all of the roofs is within a range of \$3.2M-3.9M.

Ato Apiafi Architects has experience with building envelope and roof repair and restoration projects on aging facilities. Although this firm has a history of completing similar projects on college and university campuses, this will be Ato Apiafi Architect's first project for the University of Washington.

The predesign phase of the MHSC Roof Replacement project will identify and document the existing conditions of the twenty-four individual roof surfaces on eight wings of the Health Sciences Building. Core drilling and other selective demolition will take place to confirm composition of roof surfaces and failing infrastructure. Samples from the cores will be tested for presence of hazardous materials. The final predesign report will comprehensively document the findings in narrative and graphics to serve as a current knowledge base for the beginning of the schematic design phase.

Predesign will be completed in late May 2011 to allow design to proceed in summer of 2011 upon available funding.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 14)

The project budget is established at \$200,000 for predesign only. Funding is provided from the 2009-2011 Facilities Services Building Renewal Budget. The budget will be adjusted when Facilities Services Building Renewal funding for construction is provided.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$175,026	\$175,026
Other Costs	\$2, 359	\$2,359
Project Administration	\$22,615	\$22,615
Total Project Budget	\$200,000	\$200,000

\* Includes construction contract amount, contingencies, and state sales tax.

#### 12. Mechanical Engineering Building Exterior Renewal Project No. 203453 Action Reported: Select Architect

On December 30, 2010, an architectural agreement was awarded to DKA Architecture for the Mechanical Engineering Building Exterior Renewal Project. In October 2010, the Capital Projects Office selected three firms. These firms were interviewed on November 2, 2010: Ato Apiafi Architects, DKA Architecture, and Magellan Architects. The agreement amount is \$59,687 for basic services included in a budget value of \$169,000 for all design consultants. The balance of the design budget is intended for a hazardous materials consultant, a building envelope consultant, selective demolition, and a previously completed predesign. The approximate value to complete this project is \$1.3M.

DKA Architecture (formerly Donald King Architects) has extensive experience with projects focusing on the restoration of historic masonry structures for public agency clients in the Puget Sound region, including colleges and universities. Recently, DKA Architecture completed a large-scale tenant improvement project at the UW Tower for the University of Washington.

The Mechanical Engineering Building Exterior Renewal project will result in the restoration of the exterior envelope as needed to establish a watertight envelope. Repairs will include masonry walls, precast concrete, foundation elements, sealants and grout. In addition, this project will stabilize the masonry veneer against seismic forces above all exits and exit pathways.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 15)

Design will be completed by the end of May 2011 to allow construction to proceed in the summer of 2011, if funding for construction is available. Selective demolition to investigate conditions in the exterior walls was completed during predesign.

The project budget is established at \$222,114 for design only. Funding is provided from the 2009-2011 Facilities Services Building Renewal Budget. The budget will be adjusted when Facilities Services Building Renewal funding for construction is provided.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$169,000	\$169,000
Other Costs	\$5,114	\$5,114
Project Administration	\$48,000	\$48,000
Total Project Budget	\$222,114	\$222,114

13. Padelford Hall Elevator Renovation and Modernization No. 203454  
Actions Reported: Select Architect

On December 2nd, 2010, an architectural agreement was awarded to S. M. Stemper Architects for the Padelford Hall Elevator Renovation and Modernization project under their existing Master Term Agreement for Architectural Services. The agreement amount is \$127,419 for architectural services through the construction documents phase included in a budget value of \$138,418 for all design consultants. The balance of the design budget is intended for a hazardous materials consultant. The approximate value to complete the project is \$1.5M to \$2M.

S. M. Stemper Architects, a Seattle firm, was formed in 1988. They have a successful track record at the University of Washington involving renovation of building systems such as roofing, building envelope and elevator modernization.

The purpose of this project is to renovate and upgrade the existing elevators 122 and 123, replacing all equipment and apparatus included but not limited to: new cabs, rails, brackets, buffers and pit equipment. Also included in this project will

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Actions Taken Under Delegated Authority (continued p. 16)

be the construction of a new elevator (#124) within the vacant shaft space within the building, increasing the total elevator service to the building to a total of three.

Design will be completed in June 2011 to allow construction to proceed upon funding approval.

The project budget is established at \$190,000 for design only. Funding is provided from the 2009-2011 Facilities Services Building Renewal Budget. The budget will be adjusted when Facilities Services Building Renewal funding for construction is provided.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$139,419	\$139,419
Other Costs	\$3,926	\$3,926
Project Administration	\$46,655	\$46,655
Total Project Budget	\$190,000	\$190,000

#### 14. Connect SW Tunnel Services to SC Tunnel Project No. 203457 Action Reported: Select Architect

On December 22, 2010, an engineering agreement was awarded to Wood Harbinger, Inc., for the Connect SW Tunnel Services to SC Tunnel project under their existing Master Term for Engineering Services contract. The agreement amount is \$65,032 for basic services included in a budget value of \$128,287 for all design consultants. The balance of the design budget is intended for hazardous materials consultant, electrical engineering consultant, and anticipated scope additions. The total project budget including construction is forecasted to cost \$1.2M to \$1.4M.

Wood Harbinger is a multidiscipline engineering firm, headquartered in Bellevue, WA, with extensive experience working with the UW spanning almost twenty years. Wood Harbinger has experience in the design of retrofit projects of all sizes where minimal or no down time is allowed and with requirements for temporary backup systems during construction, design of construction phasing, and close coordination with the owner/operator to establish construction criteria. In prior years, they provided engineering services for steam and condensate retrofit/upgrade projects in campus tunnels.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Actions Taken Under Delegated Authority (continued p. 17)

It is the intent of this project to connect the mechanical utility services located near the Ocean Sciences Building service connection in the SW tunnel to the utility services in the SC tunnel near the Fialkow Biomedical Sciences Research Pavilion (K Wing). In addition, this scope of work includes natural ventilation improvements to two associated tunnel manholes to improve worker safety.

Design is expected to be completed by June 2011.

Funding in the amount of \$175,000 for design only is provided by 2009-2011 Facilities Services Utility Renewal funds. The budget will be adjusted when Facilities Services Utility Renewal funding for construction is provided.

Budget Summary:	Current Approved Budget	Forecast Cost At Completion
Total Consultant Services	\$128,287	\$128,287
Other Costs	\$3,482	\$3,482
Project Administration	\$43,231	\$43,231
Total Project Budget	\$175,000	\$175,000

REPORT OF ACTIONS TAKEN UNDER GENERAL DELEGATED AUTHORITY – ACQUISITION OF GOODS AND SERVICES

1. Shipyard Modifications to Research Vessel Thomas G. Thompson  
Action Reported: Award Contract

Under the delegated authority, the Director of Purchasing, or his designee, has executed a contract with Vigor Marine LLC located in Portland, OR, to perform shipyard modifications to the RV Thompson. The method of purchase was a competitive solicitation.

The Department of Oceanography is the department of record for this purchase. This is a required, regularly scheduled refit/repair of the vessels mechanical and electronic systems. The contract commences January 20, 2011 with a target completion date of March 31, 2011.

The contract value is not to exceed \$3,100,000

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Report of Contributions – December, 2010

For information only.

*Attachment*

University of Washington Foundation Report of Contributions for December,  
2010



# Report *of* Contributions

## All Areas

December 2010



UNIVERSITY *of* WASHINGTON | *Foundation*

## ANNUAL PROGRESS BY CONSTITUENCY

School	Current Month				Year to Date			
	Gifts	Private Grants	Total	Donors <sup>1</sup>	Gifts	Private Grants	Total	Donors
UW Medicine	\$6,375,395	\$14,155,742	\$20,531,137	4,639	\$16,214,236	\$62,083,299	\$78,297,534	10,366
Arts and Sciences	\$4,274,905	\$373,475	\$4,648,380	2,769	\$9,159,474	\$6,541,173	\$15,700,647	8,189
Broadcast Services	\$50,175		\$50,175	550	\$310,298		\$310,298	11,200
Built Environments	\$154,819		\$154,819	273	\$612,383	\$220,146	\$832,529	789
Business School	\$5,577,532		\$5,577,532	882	\$9,251,033		\$9,251,033	2,656
Dentistry	\$512,960	\$5,000	\$517,960	319	\$2,379,156	\$5,000	\$2,384,156	904
Education	\$422,917	\$100,000	\$522,917	187	\$970,776	\$1,123,118	\$2,093,894	476
Engineering	\$1,408,450	\$723,964	\$2,132,414	886	\$5,324,909	\$9,045,609	\$14,370,518	2,706
Environment	\$723,038	\$1,641,854	\$2,364,892	561	\$2,046,854	\$5,326,614	\$7,373,468	1,264
Evans School of Public Affairs	\$45,197	\$20,000	\$65,197	95	\$212,018	\$487,438	\$699,456	229
Graduate School	\$330,764	\$11,357	\$342,121	96	\$821,242	\$160,156	\$981,398	148
Information School	\$25,204		\$25,204	111	\$263,354	\$288,076	\$551,430	592
Intercollegiate Athletics	\$7,363,880		\$7,363,880	1,390	\$11,375,801		\$11,375,801	4,660
Law	\$2,245,866		\$2,245,866	424	\$2,897,904	\$350,000	\$3,247,904	816
Libraries	\$1,043,101		\$1,043,101	983	\$1,641,515		\$1,641,515	2,229
Minority Affairs	\$187,175		\$187,175	168	\$276,051		\$276,051	434
Nursing	\$263,295		\$263,295	406	\$719,141	\$557,584	\$1,276,725	892
Pharmacy	\$368,284		\$368,284	228	\$656,011	\$1,076,390	\$1,732,401	664
President's Funds	\$1,089,026		\$1,089,026	312	\$1,505,112		\$1,505,112	869
Public Health	\$161,694	\$7,453,134	\$7,614,828	183	\$450,773	\$15,512,529	\$15,963,301	400
Social Work	\$542,926	\$1,100	\$544,026	197	\$798,602	\$76,322	\$874,924	418
Student Life	\$410,056		\$410,056	500	\$1,656,400		\$1,656,400	1,478
Undergraduate Academic Affairs	\$166,626	\$1,250,000	\$1,416,626	79	\$338,717	\$2,021,568	\$2,360,285	236
University Press	\$1,302,070		\$1,302,070	77	\$1,432,075		\$1,432,075	167
UW Alumni Association	\$93,888		\$93,888	1,928	\$388,318		\$388,318	8,170
UW Bothell	\$121,647	\$101,122	\$222,769	85	\$190,870	\$708,122	\$898,992	216
UW Tacoma	\$2,242,607		\$2,242,607	157	\$3,776,605	\$699	\$3,777,304	430
Other University Support	\$458,968	\$78,650	\$537,618	301	\$1,223,456	\$1,052,498	\$2,275,954	1,614
<b>Total</b>	<b>\$37,962,465</b>	<b>\$25,915,397</b>	<b>\$63,877,862</b>	<b>16,972</b>	<b>\$76,893,083</b>	<b>\$106,636,341</b>	<b>\$183,529,424</b>	<b>56,742</b>

## MONTHLY HIGHLIGHTS

The UW received \$63.88M in total private voluntary support (\$37.96M in gifts and \$25.92M in grants) in the current month.

Areas including UW Medicine, Arts and Sciences, Engineering, Environment, Evans School of Public Affairs, Graduate School, Intercollegiate Athletics, Law, Libraries, Public Health, Social Work, Student Life, Undergraduate Academic Affairs, University Press and UW Tacoma are ahead of last year's year-to-date totals.

<sup>1</sup> Donors are defined as those entities who have a credit amount of greater than \$0.00.

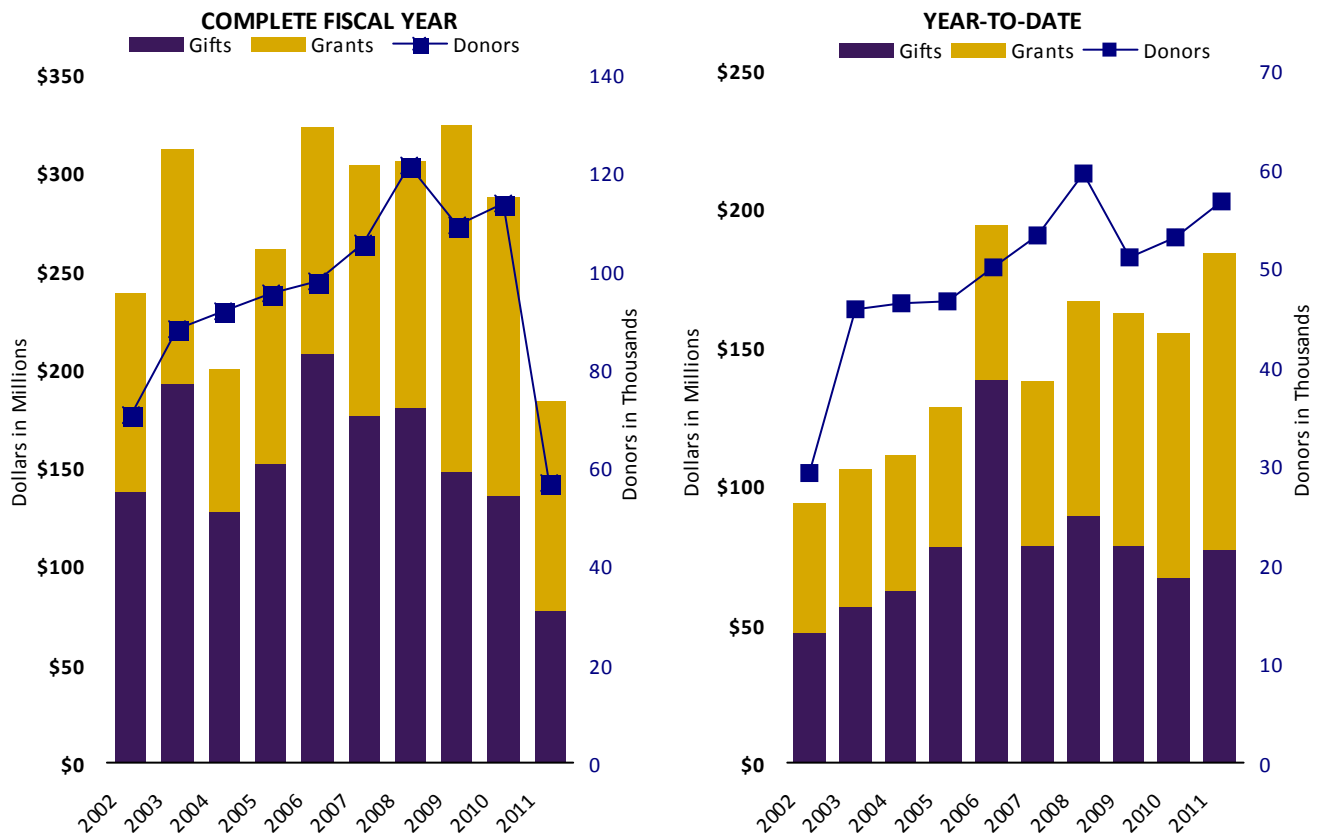
The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.

**DEVELOPMENT SUMMARY BY CONSTITUENCY**

School	Current Month		Year to Date		Prior Year to Date		Prior Year Total	
	Total	Donors	Total	Donors	Total	Donors	Total	Donors
UW Medicine	\$20,531,137	4,639	\$78,297,534	10,366	\$77,491,714	9,998	\$137,228,784	15,896
Arts and Sciences	\$4,648,380	2,769	\$15,700,647	8,189	\$10,675,608	8,429	\$22,353,398	13,980
Broadcast Services	\$50,175	550	\$310,298	11,200	\$836,551	7,887	\$2,884,588	21,203
Built Environments	\$154,819	273	\$832,529	789	\$911,203	841	\$2,460,168	1,345
Business School	\$5,577,532	882	\$9,251,033	2,656	\$9,499,462	2,911	\$13,466,725	4,129
Dentistry	\$517,960	319	\$2,384,156	904	\$2,494,428	890	\$3,317,422	1,250
Education	\$522,917	187	\$2,093,894	476	\$3,140,488	733	\$4,695,480	1,575
Engineering	\$2,132,414	886	\$14,370,518	2,706	\$10,942,130	2,993	\$22,392,566	4,345
Environment	\$2,364,892	561	\$7,373,468	1,264	\$5,530,723	922	\$8,056,542	2,066
Evans School of Public Affairs	\$65,197	95	\$699,456	229	\$459,468	194	\$729,548	508
Graduate School	\$342,121	96	\$981,398	148	\$807,244	200	\$946,285	312
Information School	\$25,204	111	\$551,430	592	\$899,206	483	\$1,598,080	699
Intercollegiate Athletics	\$7,363,880	1,390	\$11,375,801	4,660	\$4,932,708	5,090	\$17,893,004	24,696
Law	\$2,245,866	424	\$3,247,904	816	\$753,128	941	\$1,644,729	2,038
Libraries	\$1,043,101	983	\$1,641,515	2,229	\$522,897	1,883	\$1,034,271	5,362
Minority Affairs	\$187,175	168	\$276,051	434	\$319,348	463	\$538,889	738
Nursing	\$263,295	406	\$1,276,725	892	\$2,547,176	1,027	\$3,464,905	1,743
Pharmacy	\$368,284	228	\$1,732,401	664	\$1,884,400	458	\$3,869,407	1,046
President's Funds	\$1,089,026	312	\$1,505,112	869	\$258,667	842	\$586,255	1,536
Public Health	\$7,614,828	183	\$15,963,301	400	\$12,077,952	415	\$16,560,816	754
Social Work	\$544,026	197	\$874,924	418	\$409,630	392	\$3,641,796	832
Student Life	\$410,056	500	\$1,656,400	1,478	\$988,851	1,445	\$5,341,443	2,802
Undergraduate Academic Affairs	\$1,416,626	79	\$2,360,285	236	\$572,210	361	\$688,975	640
University Press	\$1,302,070	77	\$1,432,075	167	\$164,705	71	\$292,500	169
UW Alumni Association	\$93,888	1,928	\$388,318	8,170	\$388,329	8,110	\$894,199	18,266
UW Bothell	\$222,769	85	\$898,992	216	\$1,253,596	230	\$1,556,176	630
UW Tacoma	\$2,242,607	157	\$3,777,304	430	\$1,463,406	407	\$3,009,562	827
Other University Support	\$537,618	301	\$2,275,954	1,614	\$2,360,606	953	\$5,482,304	2,729
<b>Total<sup>1</sup></b>	<b>\$63,877,862</b>	<b>16,972</b>	<b>\$183,529,424</b>	<b>56,742</b>	<b>\$154,585,835</b>	<b>53,146</b>	<b>\$286,628,819</b>	<b>113,746</b>

<sup>1</sup> The donor total at the bottom of the chart is not a cumulative total of the rows above. The donor total is the number of unique donors who have been credited with a gift to the UW during the given time period.

### FISCAL YEAR COMPARISON OF TOTAL CONTRIBUTIONS



Fiscal Year	Complete Fiscal Year				Year to Date			
	Gifts	Private Grants	Total	Donors	Gifts	Private Grants	Total	Donors
2010-2011	\$76,893,083	\$106,636,341	\$183,529,424	56,742	\$76,893,083	\$106,636,341	\$183,529,424	56,742
2009-2010	\$135,813,022	\$150,815,796	\$286,628,819	113,746	\$66,888,299	\$87,697,537	\$154,585,835	53,146
2008-2009	\$148,364,809	\$175,713,667	\$324,078,477	109,083	\$78,321,572	\$83,634,528	\$161,956,099	51,054
2007-2008	\$180,735,444	\$124,224,214	\$304,959,657	121,447	\$89,445,201	\$77,073,087	\$166,518,288	59,458
2006-2007	\$176,490,215	\$126,399,369	\$302,889,584	105,353	\$78,353,078	\$59,264,713	\$137,617,791	53,294
2005-2006	\$207,744,231	\$115,261,186	\$323,005,417	97,876	\$138,499,322	\$55,494,951	\$193,994,273	50,054
2004-2005	\$151,969,925	\$108,802,371	\$260,772,296	95,227	\$77,689,900	\$50,505,571	\$128,195,471	46,526
2003-2004	\$128,174,367	\$71,603,323	\$199,777,690	91,903	\$62,089,442	\$48,886,946	\$110,976,388	46,351
2002-2003	\$192,573,183	\$118,677,722	\$311,250,905	88,259	\$56,283,917	\$49,383,639	\$105,667,556	45,698
2001-2002	\$137,959,340	\$100,820,547	\$238,779,887	70,560	\$46,825,862	\$46,929,112	\$93,754,975	29,285



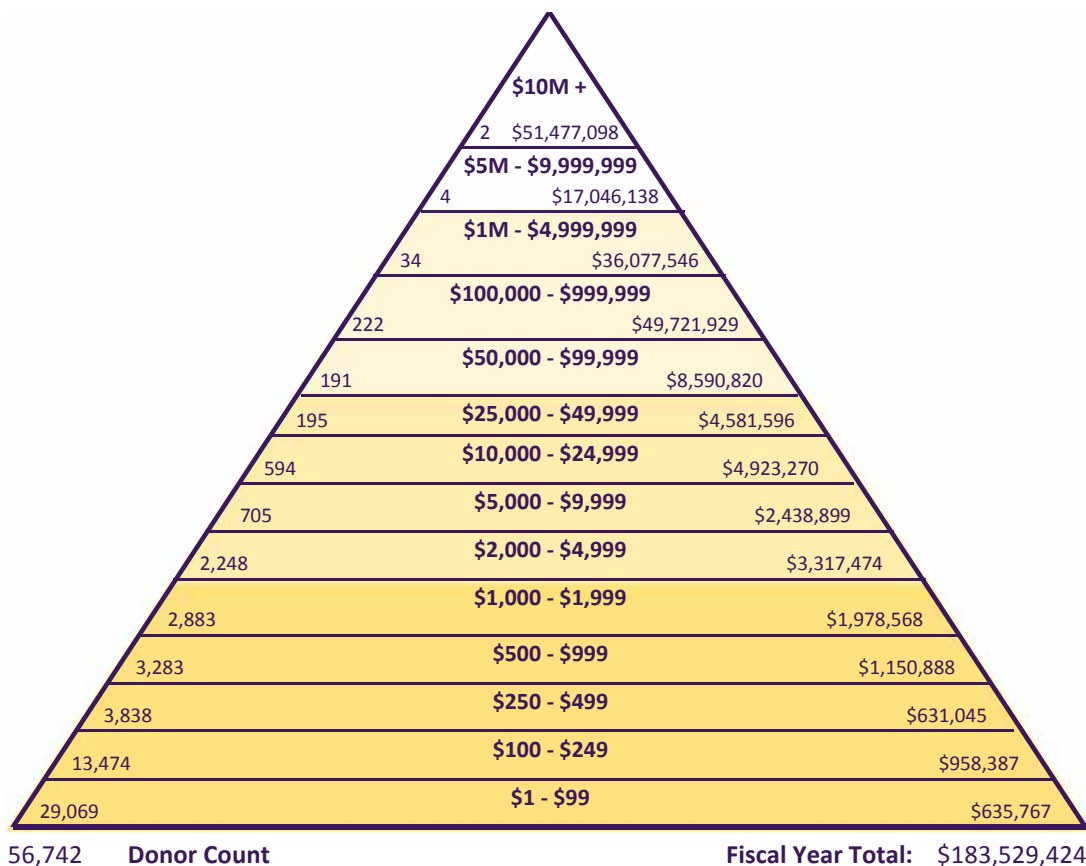
### ANNUAL FUNDING THEME PROGRESS

Theme	Current Use	Year to Date	
		Endowment	Total
Student Support	\$3,673,307	\$9,127,115	\$12,800,421
Faculty Support	\$4,865,368	\$5,386,793	\$10,252,161
Program Support for Faculty and Students	\$126,885,853	\$7,535,163	\$134,421,016
Capital	\$11,948,092	\$585	\$11,948,677
Excellence Funds	\$12,248,960	\$1,858,188	\$14,107,148
<b>Total</b>	<b>\$159,621,580</b>	<b>\$23,907,844</b>	<b>\$183,529,424</b>

### DEVELOPMENT ACTIVITY BY DONOR TYPE

Donor Type	Year to Date		Prior Year to Date		Prior Fiscal Year	
	Donors	Total	Donors <sup>1</sup>	Total	Donors	Total
Alumni	26,523	\$23,437,279	26,724	\$15,651,667	50,992	\$35,117,094
Corporations	1,226	\$25,254,105	1,286	\$21,223,232	2,832	\$43,318,033
Family Foundations	99	\$9,558,912	108	\$8,732,371	171	\$13,713,745
Foundations	271	\$66,654,710	252	\$51,488,353	433	\$89,376,760
Non-Alumni	28,275	\$13,570,962	24,443	\$15,538,535	58,737	\$35,745,608
Organizations	348	\$45,053,456	333	\$41,951,677	581	\$69,357,578
<b>Total</b>	<b>56,742</b>	<b>\$183,529,424</b>	<b>53,146</b>	<b>\$154,585,835</b>	<b>113,746</b>	<b>\$286,628,819</b>

### DEVELOPMENT ACTIVITY PYRAMID



<sup>1</sup> Prior Fiscal Year to Date numbers reflect the number of alumni for the reported period based on the state of the data at the end of the prior fiscal year.



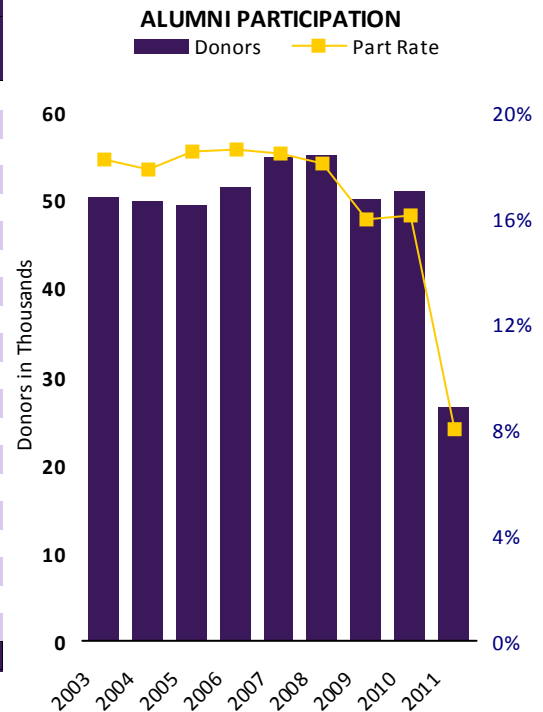
**ANNUAL PROGRESS BY GIVING LEVEL**

Giving Level	Alumni	Non Alumni	Family Fndns.	Corporations	Foundations	Other Orgs.	Total
\$10M +					\$36,707,227	\$14,769,871	\$51,477,098
\$5M - \$9,999,999	\$6,366,760				\$5,487,827	\$5,191,551	\$17,046,138
\$1M - \$4,999,999	\$4,273,389	\$0	\$5,920,500	\$9,001,854	\$9,667,559	\$7,214,244	\$36,077,546
\$100,000 - \$999,999	\$3,241,443	\$7,303,761	\$2,471,717	\$10,251,821	\$11,224,208	\$15,228,979	\$49,721,929
\$50,000 - \$99,999	\$1,679,512	\$1,118,496	\$543,230	\$2,061,828	\$1,877,648	\$1,310,107	\$8,590,820
\$25,000 - \$49,999	\$887,990	\$686,818	\$151,100	\$1,465,507	\$831,610	\$558,572	\$4,581,596
\$10,000 - \$24,999	\$1,325,162	\$951,897	\$315,430	\$1,342,760	\$562,328	\$425,693	\$4,923,270
\$5,000 - \$9,999	\$961,640	\$584,474	\$101,250	\$435,795	\$173,069	\$182,671	\$2,438,899
\$2,000 - \$4,999	\$1,686,764	\$1,005,804	\$44,470	\$391,659	\$78,313	\$110,465	\$3,317,474
\$1,000 - \$1,999	\$1,003,071	\$730,027	\$8,565	\$170,551	\$35,595	\$30,760	\$1,978,568
\$500 - \$999	\$616,622	\$434,696	\$1,600	\$73,390	\$5,040	\$19,541	\$1,150,888
\$250 - \$499	\$371,945	\$222,758	\$800	\$28,300	\$1,570	\$5,672	\$631,045
\$100 - \$249	\$594,996	\$333,327	\$250	\$23,719	\$2,240	\$3,855	\$958,387
\$1 - \$99	\$427,985	\$198,906		\$6,921	\$477	\$1,478	\$635,767
<b>Total</b>	<b>\$23,437,279</b>	<b>\$13,570,962</b>	<b>\$9,558,912</b>	<b>\$25,254,105</b>	<b>\$66,654,710</b>	<b>\$45,053,456</b>	<b>\$183,529,424</b>

Giving Level	Alumni	Non Alumni	Family Fndns.	Corporations	Foundations	Other Orgs.	Total
\$10M +					1	1	2
\$5M - \$9,999,999	2				1	1	4
\$1M - \$4,999,999	6	6	2	8	8	4	34
\$100,000 - \$999,999	29	61	12	38	40	42	222
\$50,000 - \$99,999	41	59	9	34	28	20	191
\$25,000 - \$49,999	51	52	5	46	25	16	195
\$10,000 - \$24,999	188	218	24	98	37	29	594
\$5,000 - \$9,999	270	278	17	79	29	32	705
\$2,000 - \$4,999	1,071	938	14	160	28	37	2,248
\$1,000 - \$1,999	1,322	1,344	8	148	33	28	2,883
\$500 - \$999	1,511	1,597	3	128	8	36	3,283
\$250 - \$499	1,721	1,992	3	97	7	18	3,838
\$100 - \$249	6,265	6,974	2	188	14	31	13,474
\$1 - \$99	14,046	14,756		202	12	53	29,069
<b>Total</b>	<b>26,523</b>	<b>28,275</b>	<b>99</b>	<b>1,226</b>	<b>271</b>	<b>348</b>	<b>56,742</b>

### ALUMNI PARTICIPATION BY CONSTITUENCY (CURRENT FISCAL YEAR)

Area	Solicitable	To UW		To Unit	
		Year to Date	Part Rate	Year to Date	Part Rate
UW Medicine	19,185	2,185	11.39%	1,711	8.92%
Arts and Sciences	151,787	11,193	7.37%	4,199	2.77%
Business School	39,725	3,892	9.80%	1,681	4.23%
Built Environments	8,496	721	8.49%	373	4.39%
Dentistry	4,650	638	13.72%	453	9.74%
Education	18,092	1,633	9.03%	175	0.97%
Engineering	33,868	2,788	8.23%	1,733	5.12%
Environment	11,635	862	7.41%	357	3.07%
Evans School of Public Affairs	2,747	286	10.41%	91	3.31%
Interdisc. Grad. Programs	2,200	165	7.50%		
Interschool Programs	2,459	304	12.36%		
Information School	4,950	676	13.66%	433	8.75%
Law	8,186	857	10.47%	494	6.03%
School of Nursing	8,909	1,001	11.24%	659	7.40%
Pharmacy	3,690	477	12.93%	365	9.89%
Public Health	4,683	385	8.22%	91	1.94%
Social Work	6,753	543	8.04%	347	5.14%
UW Bothell	8,069	374	4.64%	66	0.82%
UW Tacoma	9,452	375	3.97%	144	1.52%
Unspecified	9,472	752	7.94%		
<b>ALL UW TOTAL</b>	<b>330,521</b>	<b>26,523</b>	<b>8.02%</b>		



### ALUMNI PARTICIPATION BY CONSTITUENCY (PREVIOUS FISCAL YEAR)

Area	Solicitable	To UW				To Unit			
		Year to Date		FY Total		Year to Date		FY Total	
		Donors <sup>1</sup>	Part Rate	Donors	Part Rate	Donors	Part Rate	Donors	PFY Final
UW Medicine	19,127	2,152	11.25%	3,647	19.07%	1,505	7.87%	2,277	11.90%
Arts and Sciences	146,824	10,697	7.29%	21,644	14.74%	3,895	2.65%	5,915	4.03%
Business School	38,262	3,925	10.26%	7,650	19.99%	1,663	4.35%	2,283	5.97%
Built Environments	8,184	696	8.50%	1,430	17.47%	322	3.93%	567	6.93%
Dentistry	4,540	682	15.02%	1,116	24.58%	433	9.54%	586	12.91%
Education	18,841	1,673	8.88%	3,221	17.10%	165	0.88%	548	2.91%
Engineering	32,965	2,892	8.77%	5,082	15.42%	1,657	5.03%	2,382	7.23%
Environment	17,376	1,116	6.42%	1,310	7.54%	200	1.15%	616	3.55%
Evans School of Public Affairs	2,496	234	9.38%	602	24.12%	76	3.04%	207	8.29%
Interdisc. Grad. Programs	1,817	151	8.31%	334	18.38%				
Interdisc. Undergrad. Programs	258	9	3.49%	29	11.24%				
Interschool Programs	520	36	6.92%	528	101.54%				
Information School	4,614	619	13.42%	1,009	21.87%	324	7.02%	436	9.45%
Law	7,905	871	11.02%	1,892	23.93%	515	6.51%	1,031	13.04%
School of Nursing	8,644	1,031	11.93%	1,820	21.06%	570	6.59%	950	10.99%
Pharmacy	3,547	382	10.77%	891	25.12%	244	6.88%	562	15.84%
Public Health	4,580	392	8.56%	776	16.94%	111	2.42%	268	5.85%
Social Work	6,522	528	8.10%	990	15.18%	237	3.63%	416	6.38%
UW Bothell	6,995	343	4.90%	1,003	14.34%	41	0.59%	216	3.09%
UW Tacoma	8,050	316	3.93%	901	11.19%	99	1.23%	306	3.80%
Unspecified	11,600	1,001	8.63%	1,653	14.25%				
<b>ALL UW TOTAL</b>	<b>317,522</b>	<b>25,725</b>	<b>8.10%</b>	<b>50,992</b>	<b>16.06%</b>				

<sup>1</sup> Prior Fiscal Year to Date numbers reflect the number of alumni for the reported period based on the state of the data on the date this report was run in the prior fiscal year.



The University of Washington Alumni Association is the broad-based engagement vehicle for University Advancement and the University of Washington. Through its strategically designed programs, the UW Alumni Association invites alumni, donors and friends to engage in the life of the UW. Research indicates that engaged alumni and friends are more inclined to support the University and its students. The UW Alumni Association is proud to develop a solid base of support for the University of Washington.



## UWAA Member Giving by Constituency

School	Solicitable Alumni	Member		Alumni Giving	
		Members <sup>1</sup>	Donors	Members	Non Members
UW Medicine	19,185	1,892	660	34.88%	7.73%
Arts and Sciences	151,787	19,049	3,943	20.70%	3.58%
Business School	39,725	7,239	1,647	22.75%	4.62%
Built Environments	8,496	1,151	241	20.94%	4.57%
Dentistry	4,650	1,006	296	29.42%	6.92%
Education	18,092	2,851	642	22.52%	4.31%
Engineering	33,868	4,533	1,057	23.32%	4.34%
Environment	11,635	1,426	268	18.79%	4.17%
Evans School of Public Affairs	2,747	320	82	25.63%	6.02%
Interdisc. Grad. Programs	2,200	199	41	20.60%	4.25%
Interdisc. Undergrad. Progra					
Interscholar Programs	2,459	557	143	25.67%	6.31%
Information School	4,950	772	222	28.76%	9.05%
Law	8,186	1,039	309	29.74%	6.16%
School of Nursing	8,909	1,318	369	28.00%	6.38%
Pharmacy	3,690	621	205	33.01%	7.43%
Public Health	4,683	398	102	25.63%	5.13%
Social Work	6,753	611	146	23.90%	5.26%
UW Bothell	8,069	833	89	10.68%	1.80%
UW Tacoma	9,452	741	82	11.07%	1.42%
Unspecified	9,472	1,936	368	19.01%	2.76%
Non-Alumni		7,942	3,034	38.20%	
<b>Total</b>	<b>330,521</b>	<b>52,946</b>	<b>12,591</b>	<b>23.78%</b>	

## Alumni Activity

<b>1 in 3.5 registrants at 2010 UW events were UWAA members</b>
<b>1 in 25 registrants at 2010 UW events were UW donors</b>
<b>3 in 4 registrants at 2010 UW events were Solicitable Alumni</b>
<b>1 in 25 UWAA members attended a 2010 UW event</b>
<b>1 in 3 2009-2010 Football/Basketball season ticket holders were UWAA members</b>
<b>1 in 7 UWAA members were 2009-2010 Football/Basketball season ticket holders</b>

## Top 10 Membership by Class Year

Class Year	Part. Rate	Class Year	Population
1955	22.88%	2010	1,775
1954	22.13%	1971	1,101
1953	21.96%	1973	1,070
1946	21.92%	1974	1,070
1959	21.79%	1970	1,040
1956	21.65%	1972	1,028
1952	20.77%	1976	1,021
1950	20.76%	1975	993
1958	20.49%	1977	953
1960	20.33%	1968	904

## Activity Participation - Rolling 3 Year Total<sup>3</sup>

School <sup>2</sup>	Participants	Part. Donors	% Donors	Alum Non-Part.	Alum Non-Par Donor	% Non-Part Donor
Intercollegiate Athletics	1,782	1,747	98.04%			
UW Medicine	4,031	3,054	75.76%	20,965	3,383	16.14%
Arts and Sciences	13,705	3,236	23.61%	140,325	8,083	5.76%
Built Environments	1,556	700	44.99%	7,538	767	10.18%
Business School	6,222	1,689	27.15%	34,759	3,265	9.39%
Dentistry	1,934	770	39.81%	2,987	407	13.63%
Education	1,904	401	21.06%	16,667	912	5.47%
Engineering	2,801	959	34.24%	31,960	3,297	10.32%
Environment	1,302	578	44.39%	10,985	1,085	9.88%
Evans School of Public Affairs	753	294	39.04%	2,189	312	14.25%
Graduate School	403	213	52.85%	2,112	5	0.24%
Information School	745	233	31.28%	4,431	617	13.92%
Law	2,130	922	43.29%	6,538	1,110	16.98%
Libraries	1,135	1,096	96.56%			
Nursing	992	439	44.25%	8,319	1,351	16.24%
Pharmacy	382	232	60.73%	3,514	876	24.93%
Public Health	601	208	34.61%	3,969	372	9.37%
Social Work	813	261	32.10%	6,178	706	11.43%
UW Bothell	753	239	31.74%	7,876	629	7.99%
UW Tacoma	511	228	44.62%	9,300	875	9.41%

<sup>1</sup> Members include paid Annual Members, Lifetime Members, and TPC Level Donors

<sup>2</sup> Activity is based on a unit affiliated Alumni or Donor being labeled as a positive RSVP, host, speaker, or participant at any tracked UW activity.

<sup>3</sup> 3-Years consists of any activity since 7/1/2006

Source: University of Washington Alumni Association





VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Internal Lending Program Quarterly Report for the Quarter Ended December 30, 2010

For information only.

*Attachment*

Internal Lending Program Quarterly Report, Quarter Ended December 30, 2010

Average  
Cost of  
Debt  
4.2%

# Internal Lending Program Quarterly Report

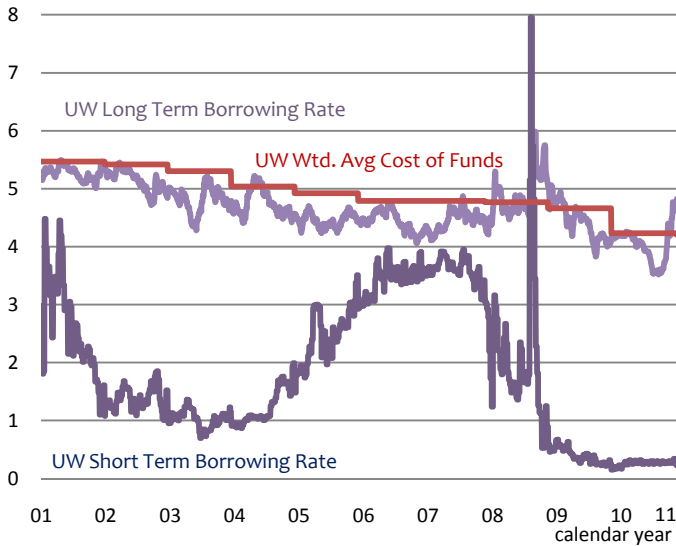
Quarter Ended December 31, 2010

(dollars in millions)

Internal  
Lending  
Rate  
5.5%

## Interest Rates

The slightly improved outlook for the US economy prompted an increase in long-term interest rates of about 1.25% over the past 3 months. If the UW issued tax-exempt bonds today, the overall rate would be about 5%.



## External Borrowing

The University (through a non-profit) issued \$165m in long-term debt for the South Lake Union Phase 3 project. That issuance is included in non-ILP debt.

Debt Issued to Fund ILP	Issued FY11	Total Outstanding	Wtd. Avg Rate	Wtd. Avg Maturity (yrs)
Commercial Paper	0	30	0.3%	0.09
Variable Rate	0	0	n/a	n/a
Fixed Rate	117	714	4.2%	17.2
<b>ILP Total</b>	<b>117</b>	<b>744</b>	<b>4.0%</b>	<b>16.5</b>
<b>Non-ILP Debt</b>	<b>213</b>	<b>617</b>	<b>4.4%</b>	<b>14.9</b>
<b>Total Debt</b>	<b>330</b>	<b>1,361</b>	<b>4.2%</b>	<b>15.7</b>

Note: Used \$155m of \$308m General Revenue authorization for FY 2011.

## Internal Lending

Amounts owed to the program totaled \$649M as of 7/1/2010. In the first half of FY2011, units borrowed \$82M and repaid \$16M. The largest borrower during this period was UWMC with \$25M for the Phase 1 Expansion.

	By Mission			Total
	Education	Research	Service	
Beginning Bal Jul-10	108	111	430	649
Additions	12	7	63	82
Reductions	(3)	(4)	(9)	(16)
Annual Activity	9	3	54	66
<b>Total Receivable</b>	<b>117</b>	<b>114</b>	<b>484</b>	<b>715</b>

## Cash Position

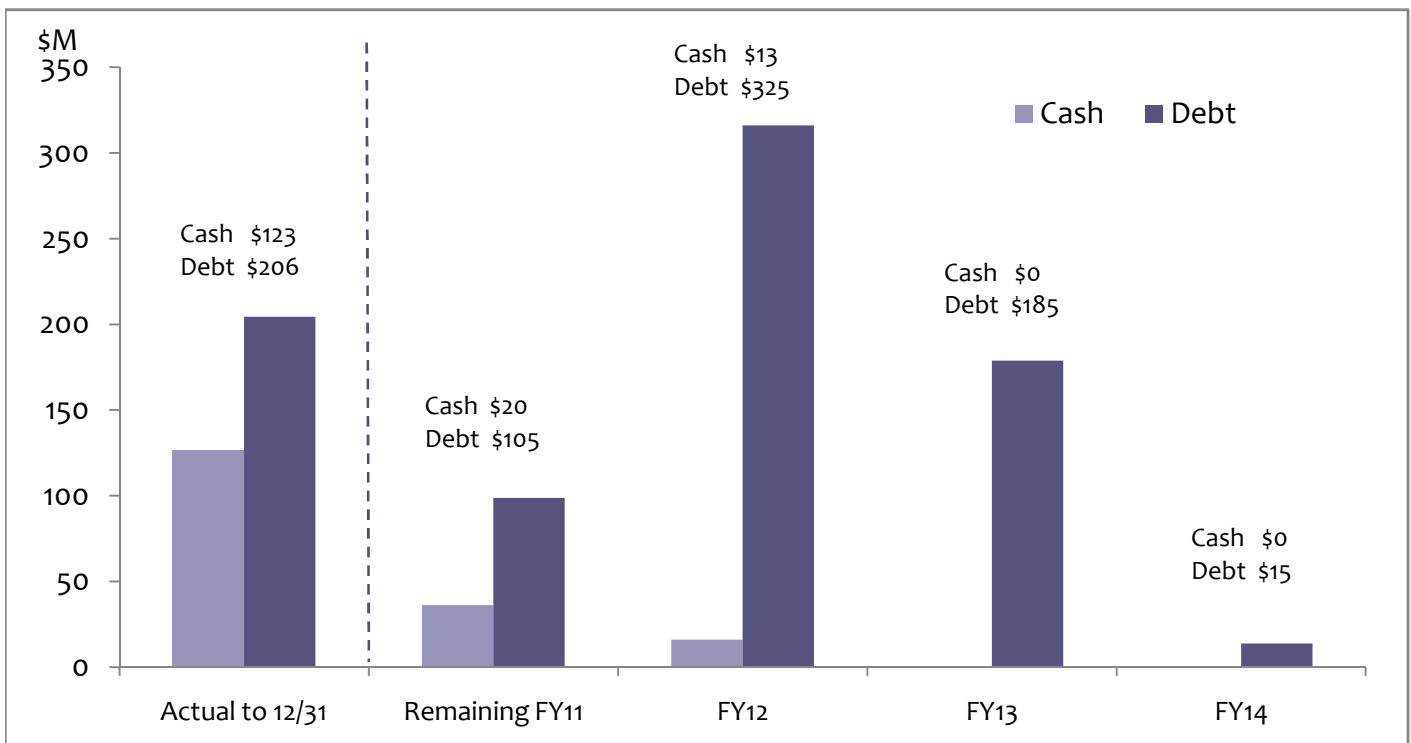
The ending balance includes debt proceeds from the issuance in October 2010. It is expected these proceeds will last through March 2011.

Beginning Balance Jul-10	\$48.6
Internal Debt Service	33.0
External Debt Service	(21.1)
Net Debt Proceeds	(9.1)
Expenses	(0.2)
<b>Ending Balance Dec-10</b>	<b>\$51.2</b>

## Approved Funding - by Project and Source

Project Name	Date Approved	Total Budget	Debt	Cash	Spent to Date (all sources)
UWMC Expansion	Feb-08	170	160	10	49%
AAALAC Projects	Mar-08	28	25	3	94%
Pediatric Dentistry	Mar-08	17	11	6	93%
Tower Improvements	Mar-08	13	13	0	100%
J-Wing	Jul-08	24	16	8	49%
PACCAR Business School	Jul-08	95	30	65	93%
AAALAC Budget Increase	Nov-08	7	7	0	37%
Housing Phase 1	May-09	164	164	0	21%
Molecular Engineering - ICR only	Jun-09	25	20	5	20%
HUB Renovation	Jul-09	128	117	11	14%
ECC Renovation	Jul-09	16	15	1	9%
Hall Health Renovation	Jul-09	11	8	3	29%
UWMC, Phase 1 Increase	Jan-10	34	0	34	0%
Husky Stadium Renovation	Nov-10	260	250	10	0%
<b>Total</b>		<b>992</b>	<b>836</b>	<b>156</b>	<b>31%</b>

## Funding Forecast for Approved Projects - by Source



VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Debt Management Annual Update

INFORMATION:

The material presented here offers background information on the Debt Management Annual Report that will be presented to the Board of Regents at the February 2011 meeting. The information in this backgrounder is intended to supplement the presentation to the Board.

*Attachment*

Debt Management Backgrounder

**Debt Management Presentation**  
**February 2011**  
**Background**

Internal Lending Program. The Internal Lending Program (ILP) was adopted in mid-2008 after receiving new legislative authority to issue local debt for any university purpose. The ILP makes internal loans to campus borrowers and manages repayment in accordance with financing agreements between the campus borrower and the institution. The University borrows externally to secure the funds for those loans.

Reporting. The Treasury Office reports annually to the Board on ILP activities over the prior year, including an overview of the University's external debt portfolio, the status of internal loans, and institutional debt capacity.

Annual Bond Resolution. The annual bond resolution, which authorizes both the issuance of new debt during the upcoming year and the refunding of existing bonds for economic and portfolio restructuring purposes, is brought to the Board in July of each year. This resolution is limited in the amount of debt that can be issued over the upcoming 12 months.

Accomplishments. The University used its highly-rated credit in October to lock-in a net interest rate of 3.22 percent on a \$150 million long-term debt issue using the Build America Bond program. In December, \$165 million in long-term bonds were issued for the South Lake Union Phase 3.1 facility with a net interest rate of 3.97 percent also using the Build American Bond program.

The University also continues to take advantage of low interest rates on the short end of the yield curve through commercial paper borrowing, with rates averaging well under 1.0 percent. Commercial paper proceeds have been used to bridge fund project expenses.

Loans and borrowings. Since March 2010, the Board authorized \$256 million in internal loans to fund the UW Tacoma Phase 3 and Husky Stadium renovation projects. The Board also approved the issuance of \$50.3 million in building fee bonds for the UW Tacoma Phase 3 and Balmer Hall renovation projects. Based on outstanding debt, approved loans, and loans up for approval in February, the University's total outstanding debt is expected to reach \$2.2 billion in 2013.

Rate stabilization. The ILP offers a uniform internal lending rate to all campus borrowers. The internal lending rate includes a component for rate stabilization that will be used to subsidize the internal lending rate if increases in external borrowing rates put upward pressure on the internal rate.

ATTACHMENT

The rate stabilization reserve has to be large enough to offset substantial increases in external borrowing rates – otherwise, the internal lending rate will have to be raised in order to preserve the solvency of the ILP. Because the ILP is relatively new, the rate stabilization account cannot currently offset any meaningful volatility in external borrowing rates. However, based on projected external borrowing over the next 24 months, the Treasury Office does not foresee the need to raise the internal rate at this time.

Debt structure. The University's external debt portfolio is comprised primarily of amortizing fixed-rate debt issues. The last three General Revenue Bond issues, beginning with the June 2009 Build America Bonds, were non-amortizing ("bullet maturity") fixed-rate issues, which adds structural diversity to the debt portfolio at a relatively low cost. With Build America Bonds, the choice of a non-amortizing debt structure has been based on factors related to the taxable bond market.

Credit rating and debt capacity. In May 2009, Moody's recalibrated the University's credit rating from Aa1 to AAA, placing the University among the top 8 schools in Moody's highest rating category. The University's AA+ credit rating from Standard & Poor's, one notch below S&P's top AAA rating, remained unchanged.

The University's credit rating is a function of the amount of the institution's debt outstanding compared against its financial resources. Based on the current forecast of University financial resources in 2018 and Moody's 2010 medians for public universities, the University will likely be rated in the Aa category. It is important to understand that ratio analysis is just one component of the UW's credit rating. Other components include market position, pricing power, and revenue diversification.

Forward calendar. The Treasury Office expects to issue a long-term bond of up to \$150 million in April or May of 2011 to fund cash flows for previously approved projects. The final amount and timing of this bond will depend on market conditions and actual cash flows.

# **UNIVERSITY OF WASHINGTON**

## **DEBT MANAGEMENT ANNUAL REPORT**



**BOARD OF REGENTS**

**FINANCE, AUDIT AND FACILITIES COMMITTEE**

**FEBRUARY 17<sup>th</sup>, 2011**

# DISCUSSION OUTLINE

Debt Management Outlook	3	Internal Rate Assessment	13
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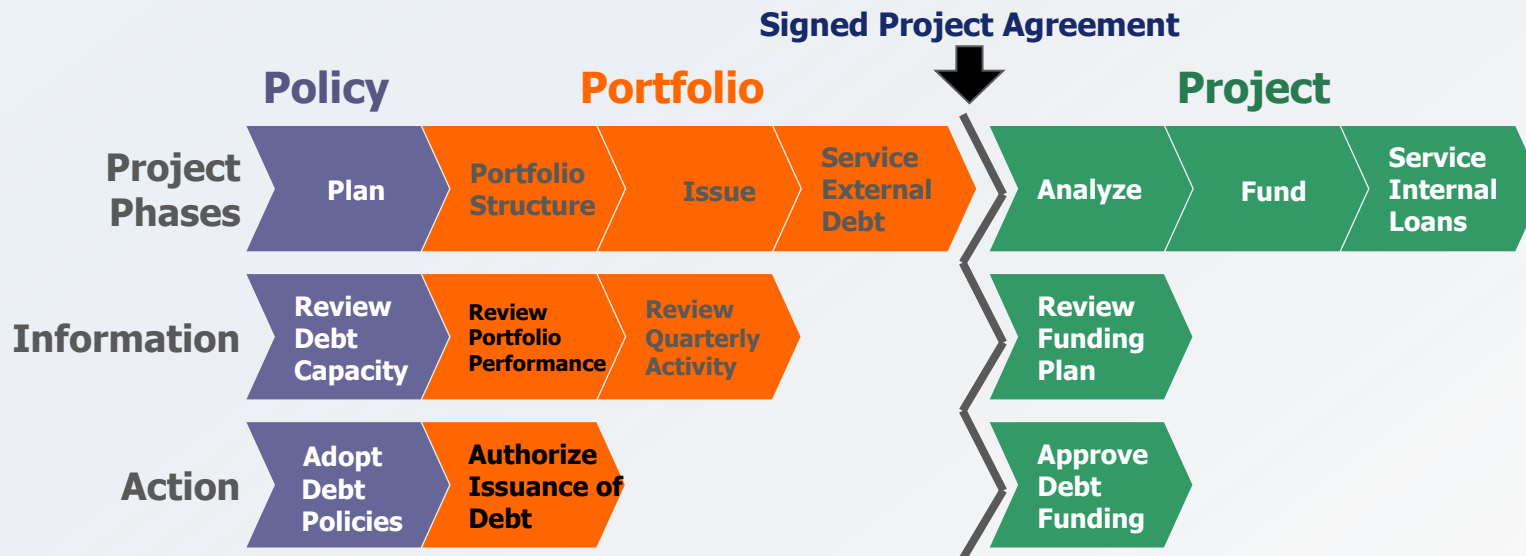


# DEBT MANAGEMENT OUTLOOK

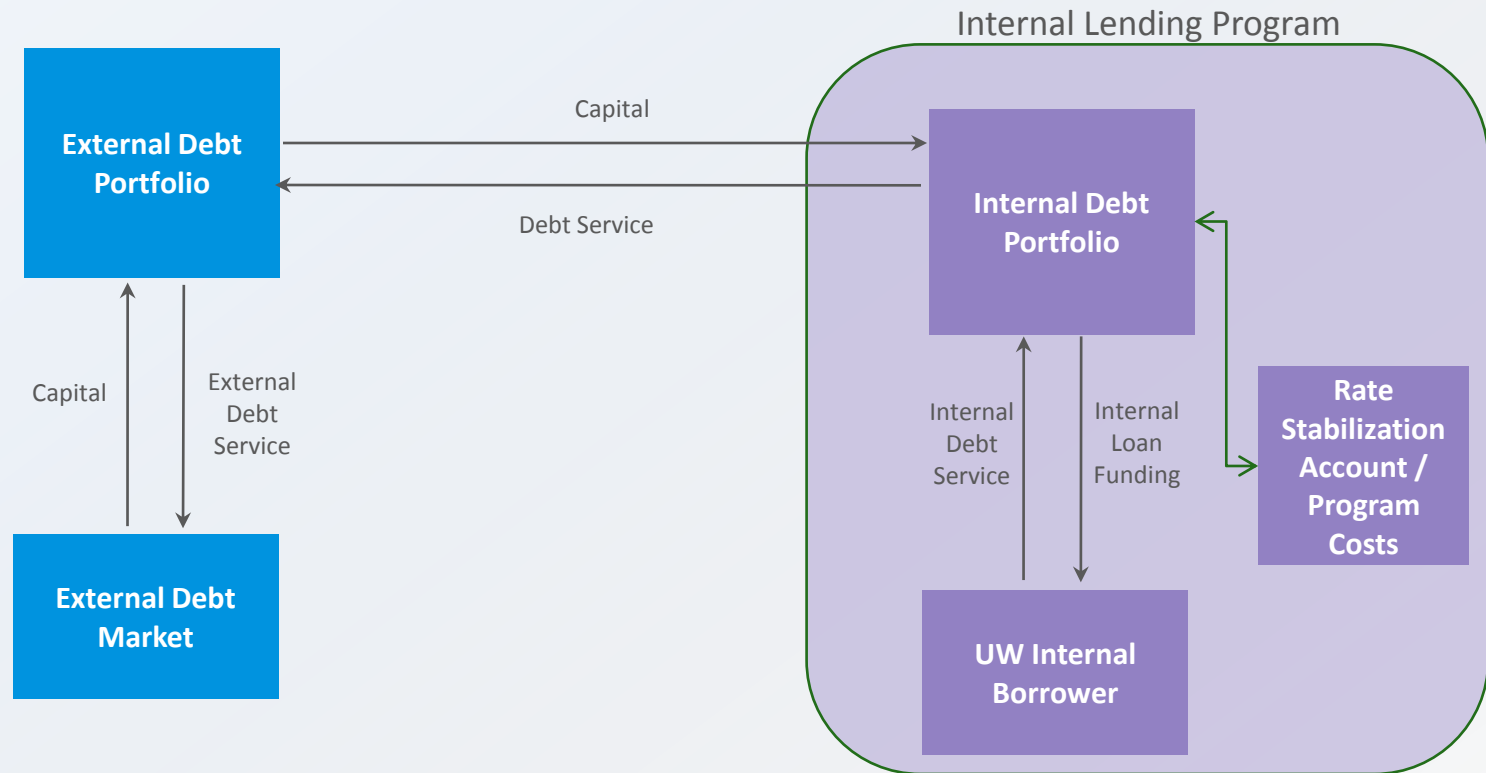
- The University has an aggressive borrowing plan – about \$2 billion through 2021. At the same time, State funding is declining, growth in federal research dollars is uncertain, and overall revenues are slowing, thus making prioritization of capital projects critical.
- The Build America Bond program expired at the end of 2010 and tax-exempt interest rates have increased over the last 60 days. It is expected that rates will continue to rise over the next year.
- The University was able to lock in very low rates on recent debt issuances, however over \$800m in unfunded authorizations creates significant rate risk in the future.

# REGENT ROLES

- Adopt debt management policy
- Establish University credit standards (“A” category rating or better)
- Oversee debt outstanding, credit ratings, and compliance with bond covenants and IRS regulations
- Adopt bond resolutions to allow for issuance of external debt
- Approve use of Internal Lending Program to fund capital projects



# MISSION AND STRUCTURE



- Maintain cost effective access to the debt markets
- Seek opportunities to reduce long term institutional borrowing costs

- Provide quality underwriting and monitoring of new and outstanding obligations
- Fund rate stabilization account to minimize increases in the internal lending rate

# ACCOMPLISHMENTS

## **Maintain Cost Effective Access to the Debt Markets**

- UW recalibrated to Aaa by Moody's and affirmed at AA+ by Standard and Poor's
- Successfully sold \$330 million of General Revenue bonds at rates below 4%

## **Provide Quality Underwriting and Monitoring of New and Outstanding Obligations**

- Completed uniform audits for Intercollegiate Athletics, Housing and Food Services, Parking, Student Life, and the Internal Lending Program
- Completed credit assessments for Husky Stadium and Student Housing Phase 2

## **Seek Opportunities to Reduce Long Term Institutional Borrowing Costs**

- Reduced cost of issuance on South Lake Union Phase 3 by issuing 63-20 bonds
- Maximized the use of the Build America Bond program while it was active

## **Minimize Likelihood of Internal Lending Rate Increase**

- Low rates on recent issuances reduced overall cost of debt by 20 basis points
- Used fixed rate bullet maturity structure to reduce portfolio risk and improve cash flow

## **Improve Communications and Operations**

- Joint presentations with Capital Resource Planning on One Capital Plan and debt capacity
- Presented best practices for internal banks at national higher education treasury conference

# GOALS

## **Maintain Cost Effective Access to the Debt Markets**

- Maintain strong credit ratings
- Evaluate addition of third bond rating

## **Provide Quality Underwriting and Monitoring of New and Outstanding Obligations**

- Develop materiality standards for assessing borrowers' risk
- Perform annual review of ILP loans for compliance with financing agreements

## **Seek Opportunities to Reduce Long Term Institutional Borrowing Costs**

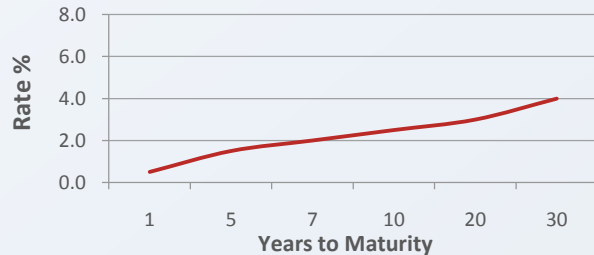
- As interest rates rise, use the yield curve to manage average cost of funds
- Use commercial paper to fund projects prior to long term takeout

## **Minimize Likelihood of Internal Lending Rate Increase**

- Increase ILP rate stabilization fund

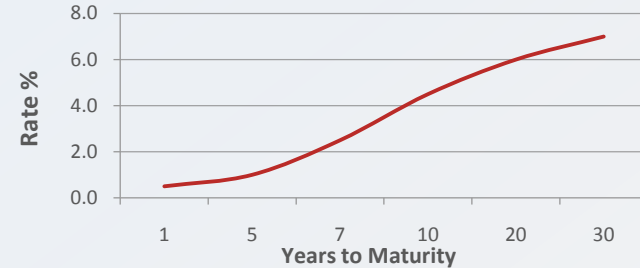
# ISSUANCE STRATEGIES IN DIFFERENT MARKET ENVIRONMENTS

## Low Fixed Rates, Steep Yield Curve



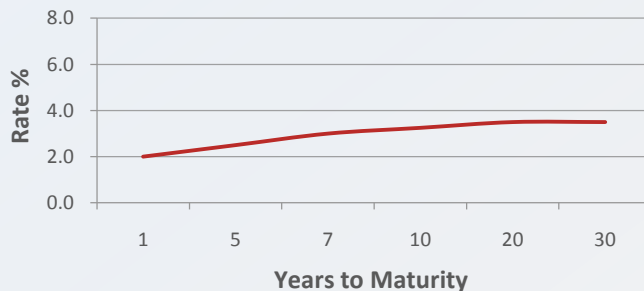
- Long-term fixed rate
- Non-amortizing
- Some variable rate exposure

## High Fixed Rates, Steep Yield Curve



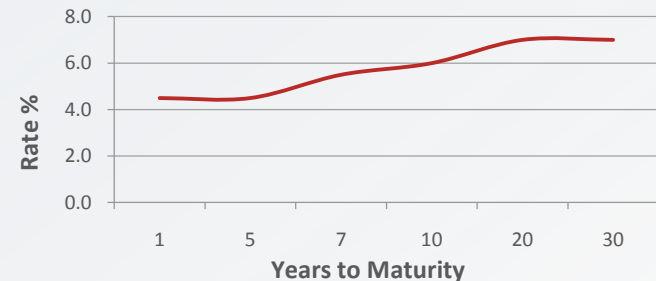
- More short term debt
- More variable rate exposure
- Amortizing debt, bullets unattractive

## Low Fixed Rates, Flat Yield Curve



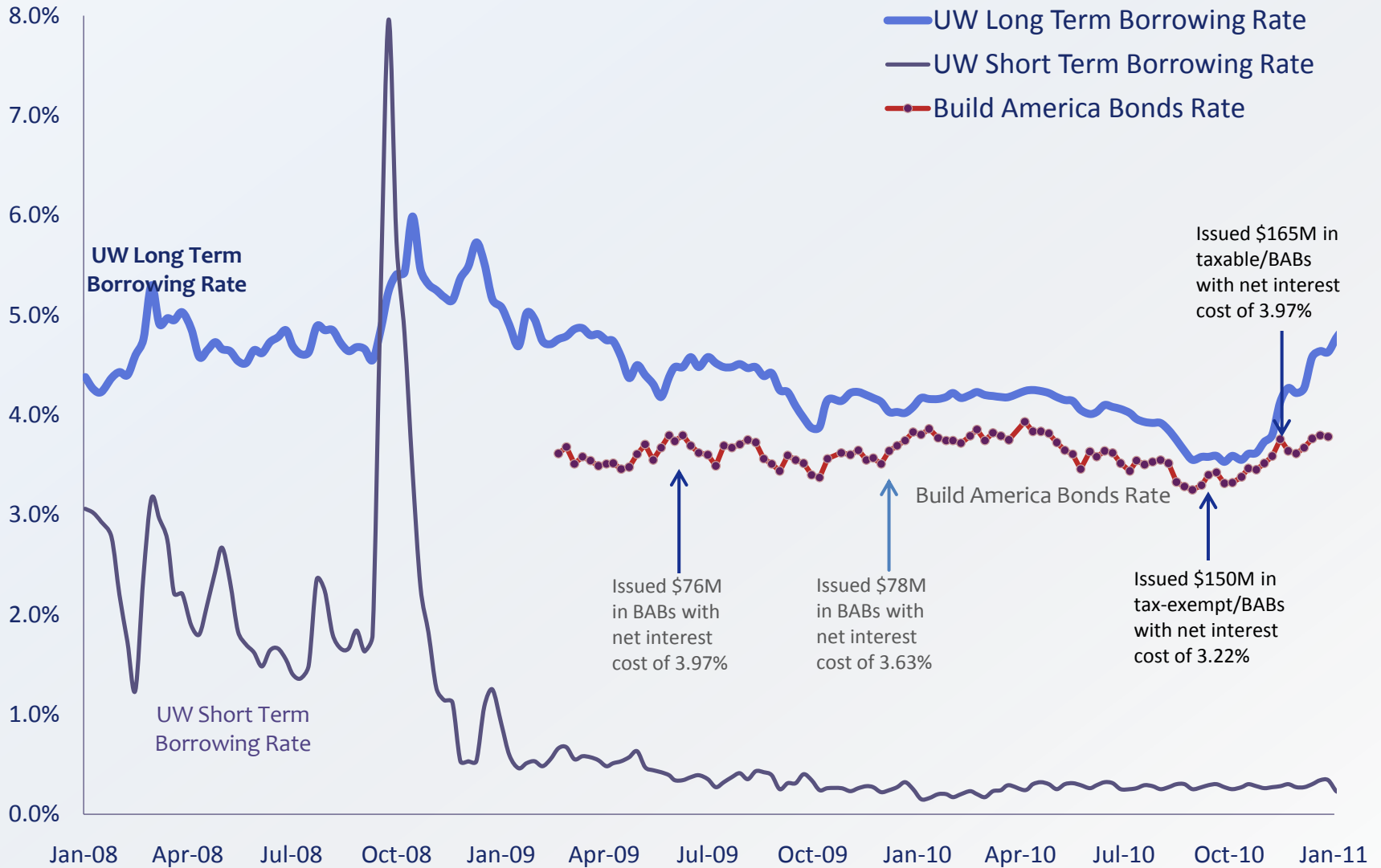
- Long-term fixed rate
- Non-amortizing
- Minimal variable rate exposure

## High Fixed Rates, Flat Yield Curve



- Fixed or variable
- Fund with reserves
- Issue with expectation of refunding

# TAKING ADVANTAGE OF HISTORIC LOW RATES



Source: Seattle Northwest Securities

# ILP FINANCIAL STATEMENTS – JUNE 30, 2010

## (AUDITED)

<b><i>Income Statement</i></b>	
<i>(Dollars in Millions)</i>	
Operating revenues	\$30.8
Operating expenses	31.1
Operating income (loss)	(0.3)
Non-operating revenue	1.2
<b>Change in net assets</b>	<b>\$0.9</b>
<b>Net assets at beginning of year</b>	<b>\$2.8</b>
<b>Net assets at end of year</b>	<b>\$3.7</b>

<b><i>Balance Sheet</i></b>	
<i>(Dollars in Millions)</i>	
<b>Assets</b>	
Cash & short-term investments	\$28.7
Current receivables	32.5
Current assets	61.2
Noncurrent receivables	619.3
Long-term investments	3.5
<b>Total assets</b>	<b>\$684.0</b>
<b>Liabilities &amp; Net Assets (equity)</b>	
Current liabilities	\$76.1
Noncurrent liabilities	604.2
Total liabilities	680.3
Net assets	3.7
<b>Total liabilities &amp; net assets</b>	<b>\$684.0</b>



## EXTERNAL DEBT PORTFOLIO – DECEMBER 2010

Type of Debt	Issued FY2011	Total Outstanding	Weighted Average Rate	Weighted Average Maturity (yrs)
Commercial Paper	\$30	\$30	0.3%	0.09
Variable Rate	0	0	n/a	n/a
Fixed Rate	117	714	4.2%	17.2
<b>ILP Total</b>	<b>147</b>	<b>744</b>	<b>4.0%</b>	<b>16.5</b>
Non-ILP Debt	213	617	4.4%	14.9
<b>Total</b>	<b>\$360</b>	<b>\$1,361</b>	<b>4.2%</b>	<b>15.7</b>

*(Dollars in Millions)*

# INTERNAL LOAN PORTFOLIO – DECEMBER 2010

	University Mission			Total
	Education	Research	Service	
<b>Beginning Balance Jul-10</b>	<b>\$108</b>	<b>\$111</b>	<b>\$430</b>	<b>\$649</b>
Additions	12	7	63	82
Reductions	(3)	(4)	(9)	(16)
<b>Annual Activity thru Dec-10</b>	<b>9</b>	<b>3</b>	<b>54</b>	<b>66</b>
<b>Total Receivable</b>	<b>\$117</b>	<b>\$114</b>	<b>\$484</b>	<b>\$715</b>

*(Dollars in Millions)*

# INTERNAL RATE ASSESSMENT

---

## The ILP rate will remain at 5.5% for the next 12 months

- Even with recent increases in rates, external rates are lower than the ILP rate
- Recent \$150M issuance locked in an all-in net rate of 3.22%
- Between July – December 2010 the ILP added \$750K to rate stabilization account (RSA) bringing the balance to \$2.4 million
  - Based on current cash flows and recent borrowing cost, the RSA will have \$3M by the end of FY 2011.
  - The relatively small size of the RSA and the delay in collecting internal loan payments mean that it cannot withstand much rate volatility.

# INTERNAL BORROWER PROFILE – DECEMBER 2010

Borrower	ILP Outstanding	Non-ILP Outstanding	Additional ILP Approved	Total Outstanding & Approved	Potential Exposure
Central	\$279	\$175	\$42	\$496	Additional budget cuts, decline in ICR reimbursements, and limited additional fund sources for capital
School of Medicine	82	341	0	423	Decline in external support payments & ICR reimbursements
UWMC	150	14	80	244	Decline in patient revenues, state support & impact of health care reform
Student Life	59	0	129	188	Student fee revenue less than forecast
Housing & Food Services	87	86	129	302	Large capital plan reliant on growing freshman class size & market sensitivity to rate increases
Intercollegiate Athletics	4	0	250	254	Stadium project reliant on incremental revenues & strong donor support
Parking	18	1	0	19	Market sensitivity to rate increases & overall lower demand for parking
School of Business	25	0	5	30	Lower enrollment levels in executive MBA program
School of Dentistry	11	0	1	12	Patient revenue less than forecast
<b>Totals</b>	<b>\$715</b>	<b>\$617</b>	<b>\$636</b>	<b>\$1,968</b>	

(Dollars in Millions)

# ESTIMATED CONSTRUCTION DRAWS & ISSUANCE

<b>Approved Project</b>	<b>Remaining Draws</b>
Housing, Phase 1	\$129
Student Life Projects	129
Husky Stadium Renovation	250
UWMC Expansion, Phase 1	80
Molecular Engineering – ILP only	20
J-Wing (Microbiology)	16
PACCAR Business School	5
Tacoma Phase 3 – ILP only	6
Pediatric Dentistry Clinic	1
<b>Total</b>	<b>\$636</b>
Debt Proceeds on Hand	\$21
Additional Debt to be issued in FY2011	150
Estimated size of FY2012 Bond Resolution	253
Estimated size of FY2013 & FY2014 Bond Resolutions	212

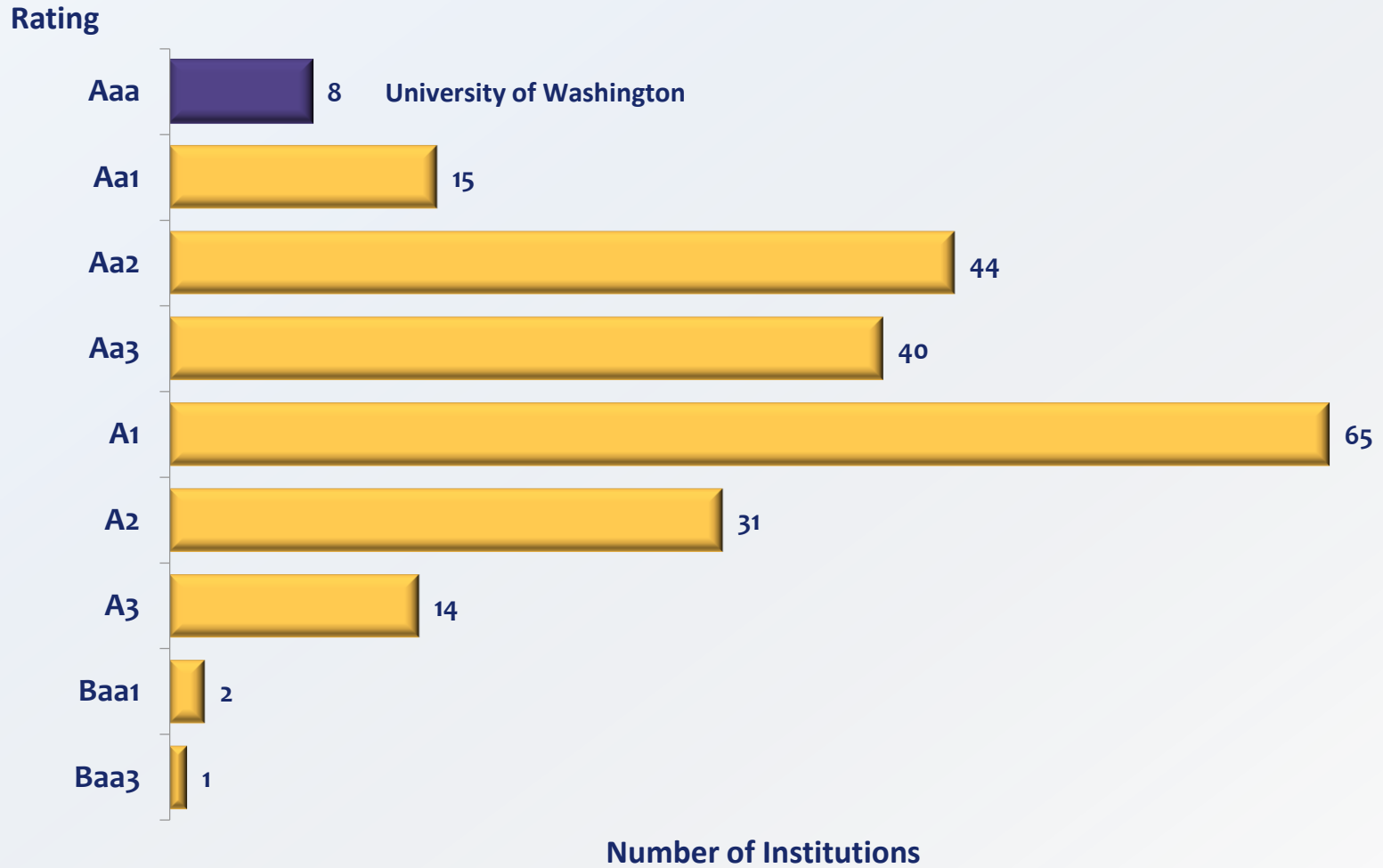
*(Dollars in Millions)*

## FUTURE PROJECTS (IDENTIFIED, NOT YET APPROVED)

<b>Project Name</b>	<b>Estimated Borrowing Amount through 2021</b>
Student Housing, Phase 2-4	\$705
South Lake Union 3, Phases 2-3	308
Metropolitan Tract Recapitalization	200
Enterprise Information System	125
Health and Life Sciences Core Research Facilities	120
UWMC Building Expansion, Phase 2	71
Global Public Health, Nursing and Pharmacy Research Center	60
Innovation Collaboration Center	50
Seattle Parking Improvements	41
UW Bothell Housing Acquisition	13
UW Tacoma Student Union - Phase 1	8
Major Infrastructure Upgrade Projects	7
Sand Point Building 5 - Archival Storage	5
Daycare Center Expansion	4
Intellectual House	3
<b>Total</b>	<b>1,720</b>

*(Dollars in Millions)*

# THE UNIVERSITY'S CREDIT RATING



Source: Moody's rating distribution for fiscal year 2009

Institutions in Aaa rating category: Indiana University; Purdue University; Texas A&M University System; University of Michigan; University of North Carolina-Chapel Hill; University of Texas System; University of Virginia; University of Washington

# KEY STATISTICS AND RATIOS

	UW (Aaa)		Moody's 2009 Medians	
	2009	2010	Aaa	Aa1
<b>Key Financial Statistics</b>				
Total Direct Debt (\$, in millions)	1,002	1,046	1,241	
Comprehensive Debt (\$, in millions)	1,220	1,209	1,371	
Unrestricted Financial Resources (\$, in millions)	930	1,163	1,015	
Expendable Financial Resources (\$, in millions)	1,935	2,252	2,153	
Total Financial Resources (\$, in millions)	2,819	3,212	3,516	
Total Cash & Investments (\$, in millions)	2,941	3,266	2,622	
Total Revenues (\$, in millions)	3,441	3,599	2,980	
Total Expenses (\$, in millions)	3,402	3,442	2,725	
<b>Student Enrollment and Ratios</b>				
Total Enrollment FTE (#)	47,835	49,294		43,495
Freshman Matriculation (%)	44%	42%	46%	
Freshman Selectivity (%)	58%	57%	62%	
Net tuition per student (\$)	8,912	9,869	9,284	
State appropriation per student (\$)	8,324	6,344	8,059	
Educational expenses per student (\$)	39,215	37,631	38,352	
<b>Capital Ratios</b>				
*Expendable financial resources-to-direct debt (x)	1.9	2.2	1.8	
*Debt Service to Operations (%)	2.8%	2.7%		3.0%
Direct debt to total revenues (x)	0.3	0.3		0.4
<b>Balance Sheet Ratios</b>				
*Expendable financial resources-to-operations (x)	0.57	0.65		0.53
<b>Operating Ratios</b>				
*Actual debt service coverage (x)	3.0	4.7	4.2	
Average actual debt service coverage (x)	3.6	4.0	3.8	

Source: Moody's median data for fiscal year 2009 for Aaa rated public institutions of higher education. (MFRA database as of February 2011)  
Ratios for fiscal year 2010 exclude NW Hospital information



# KEY FINANCIAL RATIOS COMPARISON

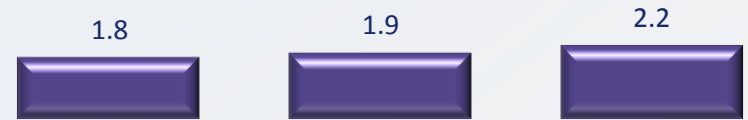
**Expendable Financial Resources to Operations (x)** ↑ Good



Moody's Aaa Median      UW 6/09      UW 6/10

UW has nearly 8 months of expendable resources on hand to fund operations

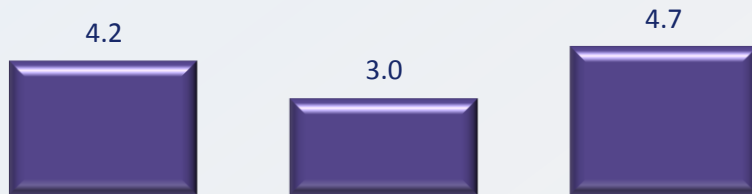
**Expendable Financial Resources To Direct Debt (x)** ↑ Good



Moody's Aaa Median      UW 6/09      UW 6/10

UW's expendable resources are more than 2 times its direct debt

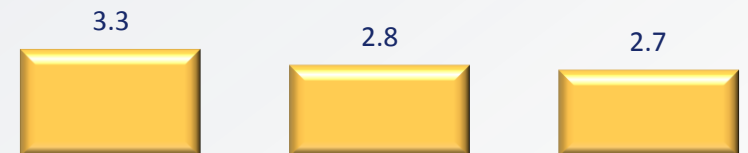
**Debt Service Coverage (x)** ↑ Good



Moody's Aaa Median      UW 6/09      UW 6/10

UW's annual operations are sufficient to cover annual debt service payments

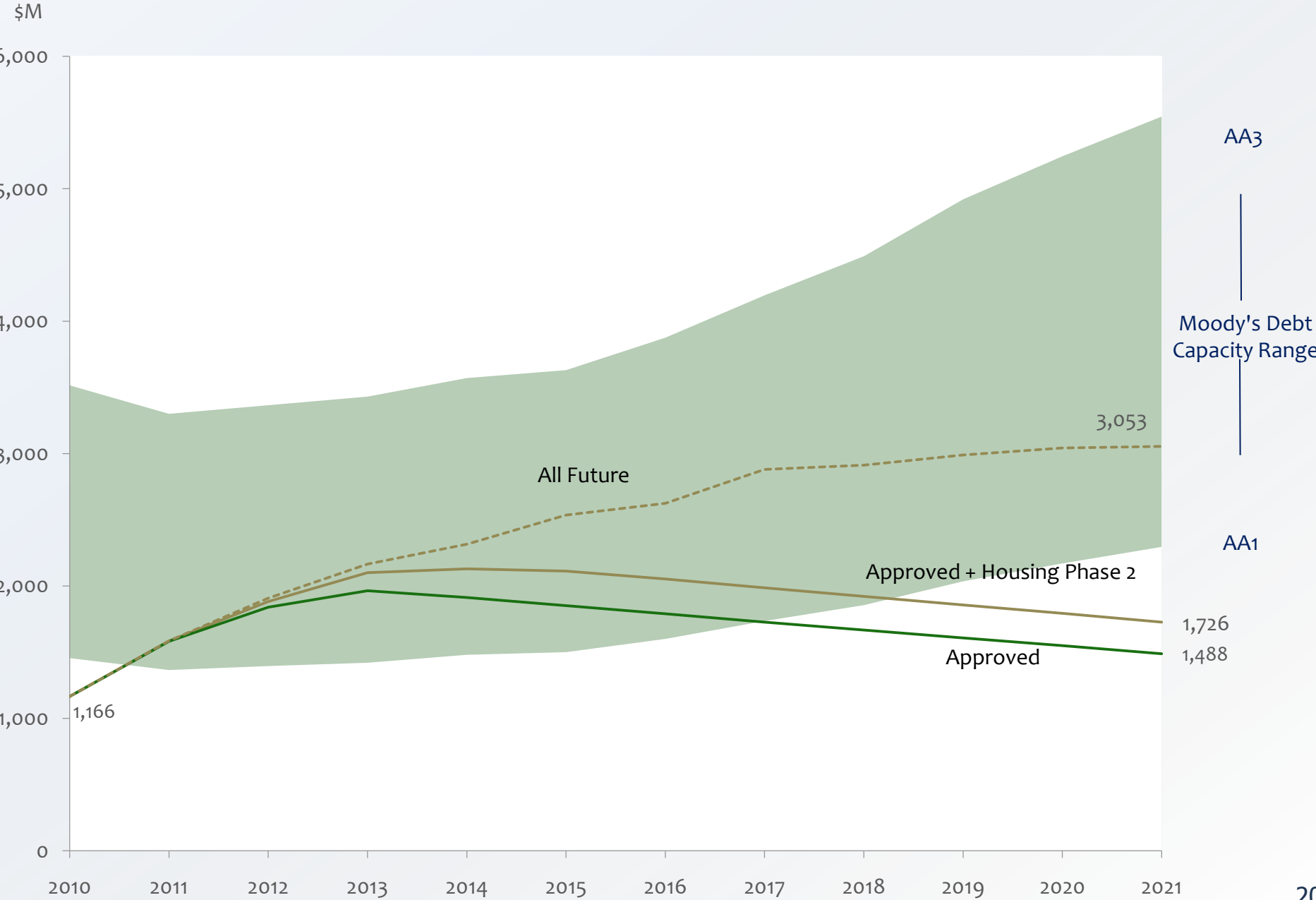
**Debt Service to Operations (%)** ↓ Good



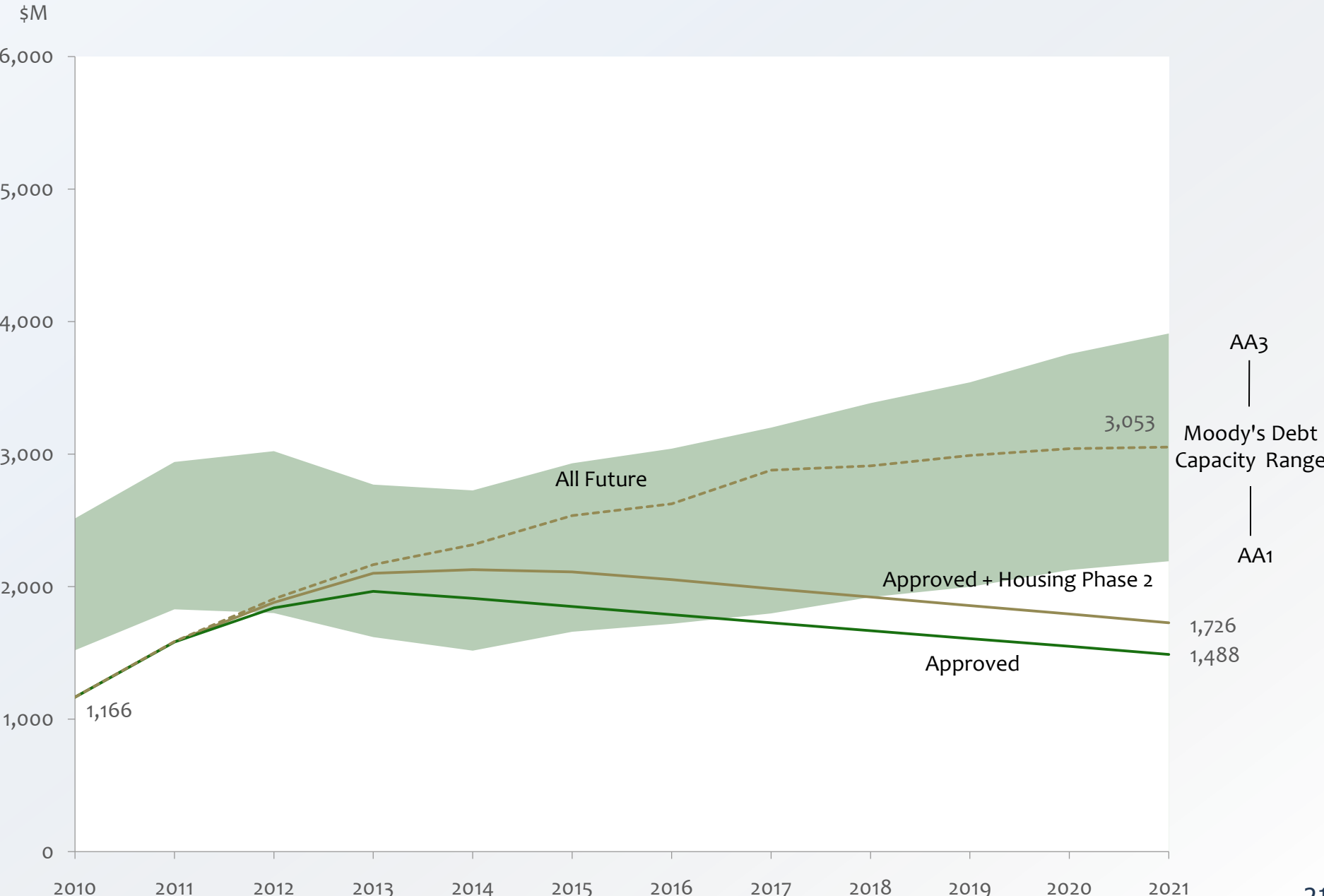
Moody's Aaa Median      UW 6/09      UW 6/10

UW's debt service is 2.7% of its annual operating budget

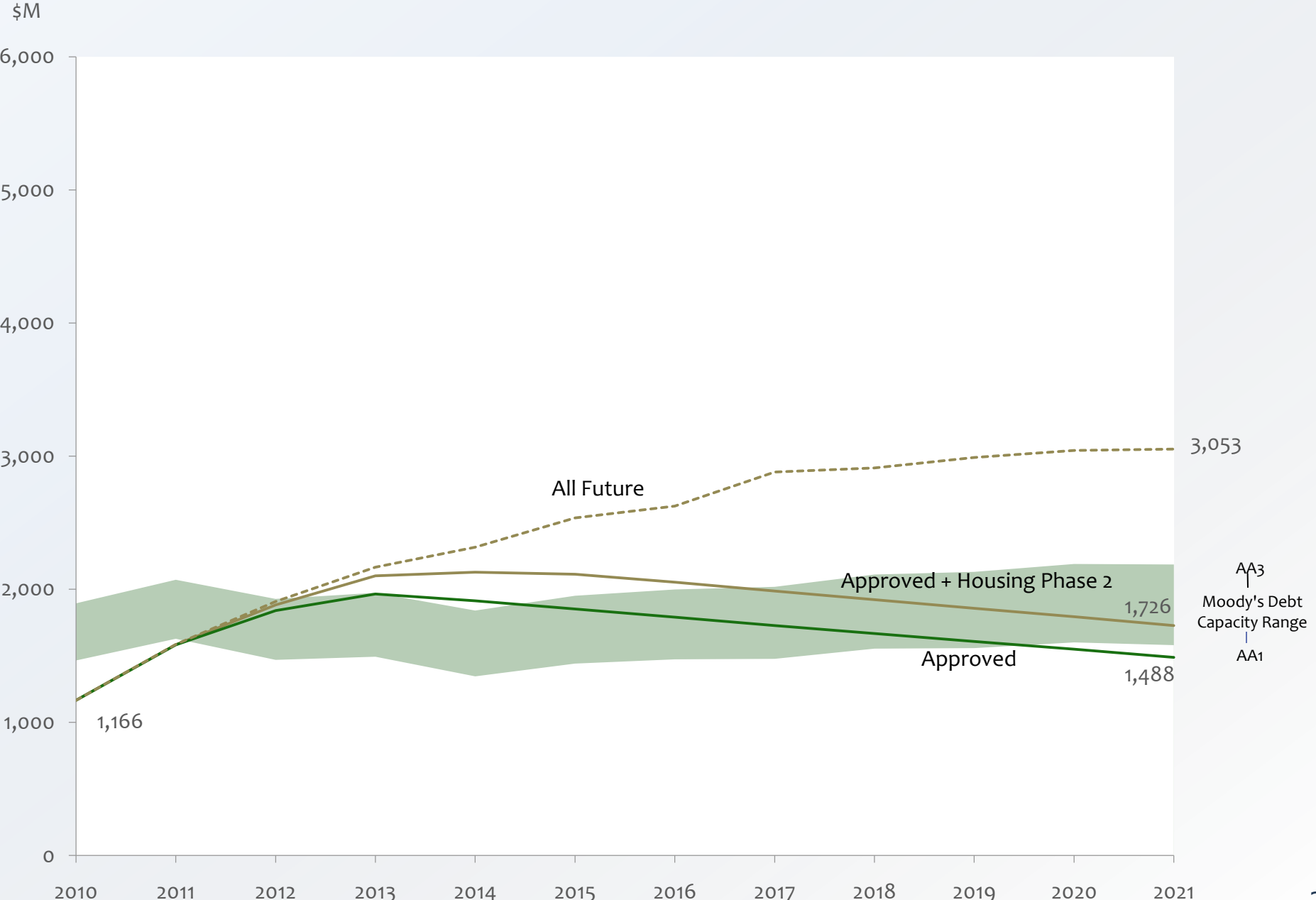
# DEBT CAPACITY – EXPENDABLE FINANCIAL RESOURCES TO DIRECT DEBT



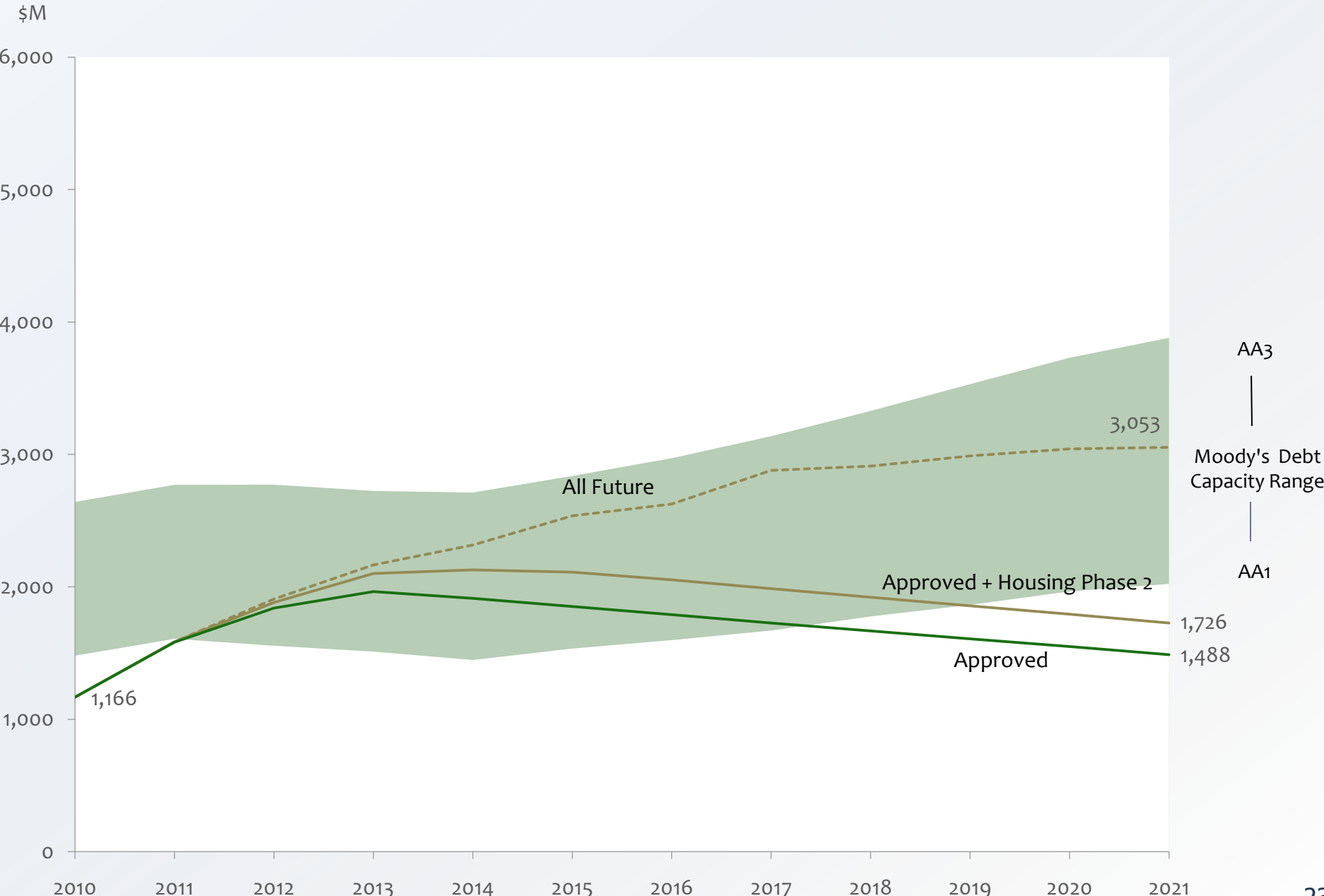
# DEBT CAPACITY – ACTUAL DEBT SERVICE COVERAGE



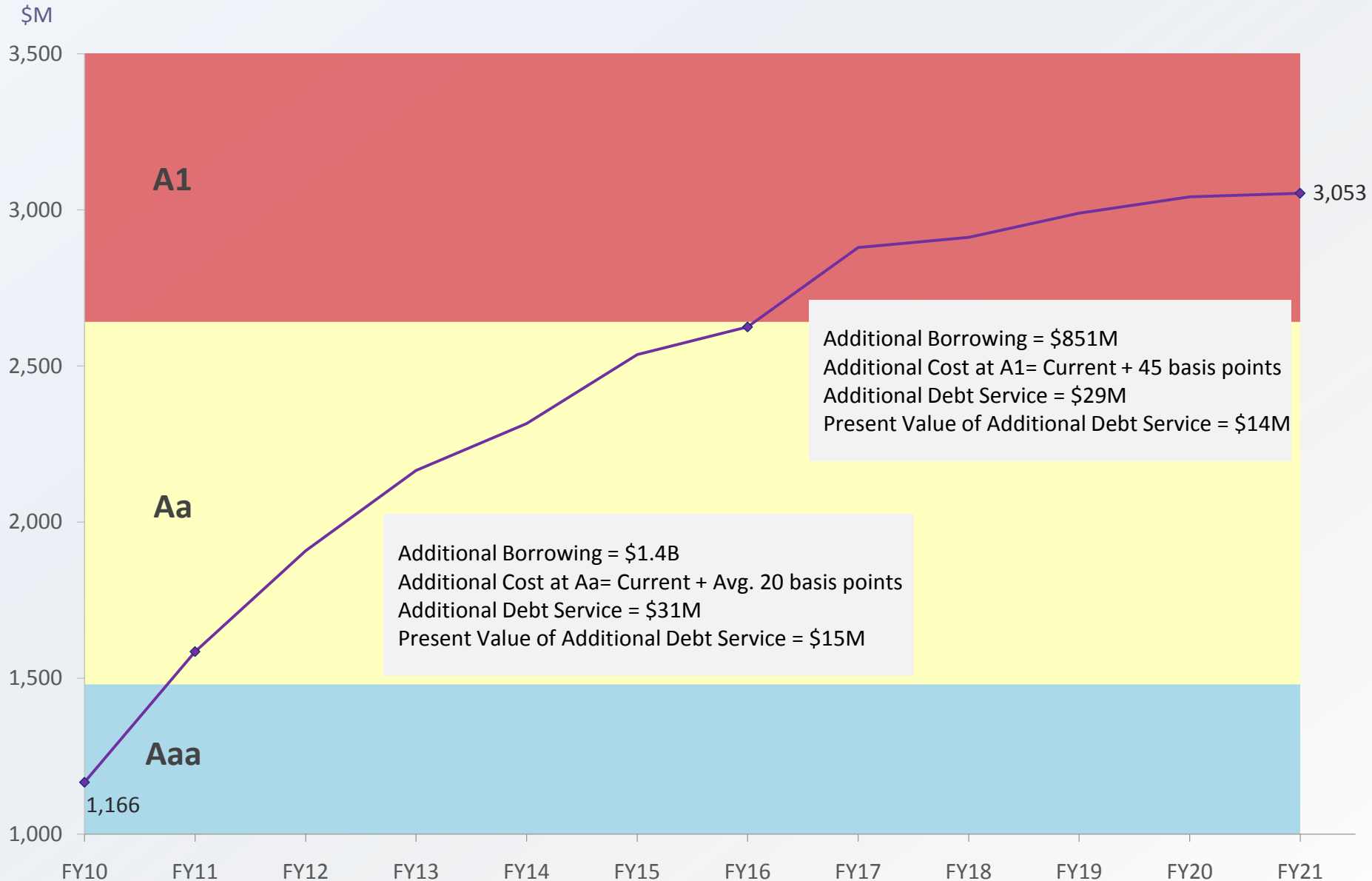
# DEBT CAPACITY – DEBT SERVICE TO OPERATIONS



# DEBT CAPACITY – AVERAGE OF THREE RATIOS



# STRESS TEST - ESTIMATED ADDITIONAL COST OF DEBT



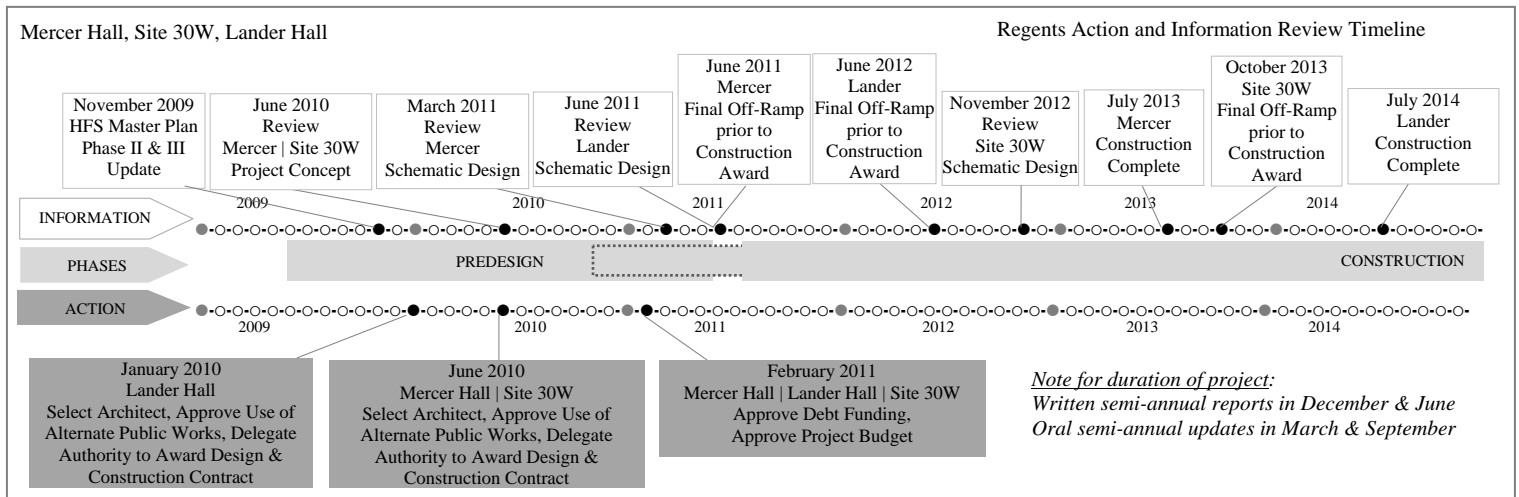
# DEBT MANAGEMENT OUTLOOK

- The University has an aggressive borrowing plan – about \$2 billion through 2021. At the same time, State funding is declining, growth in federal research dollars is uncertain, and overall revenues are slowing, thus making prioritization of capital projects critical.
- The Build America Bond program expired at the end of 2010 and tax-exempt interest rates have increased over the last 60 days. It is expected that rates will continue to rise over the next year.
- The University was able to lock in very low rates on recent debt issuances, however over \$800m in unfunded authorizations creates significant rate risk in the future.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets



RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit, and Facilities Committee that the Board of Regents approve:

- 1) The Student Housing Phase II total project budget of \$257,000,000 composed of the following subprojects:

a. Mercer Hall Replacement	\$118,000,000
b. Lander Hall Replacement	\$ 77,000,000
c. Site 30W	<u>\$ 62,000,000</u>
	<u>\$257,000,000</u>

- 2) The use of the Internal Lending Program to fund up to \$286,100,000 for design, construction, furniture, fixtures, equipment, and financing costs (includes \$29,100,000 in ILP interest during construction and cost of issuance).

BACKGROUND:

The University of Washington has a goal of providing quality housing for its students and encouraging on-campus residency. Residential on-campus housing



## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets

(continued p. 2)

provides a community of young scholars that are immersed in a carefully structured living and learning environment with the opportunity to mature and be successful in their educational pursuits.

To achieve this goal, the department of Housing and Food Services (HFS) developed a comprehensive Housing Master Plan that proposes to add approximately 2,195 new beds over a ten-year period with a total project budget of approximately \$842.5 million. The plan was first presented to the Board in March 2008, and identified several crucial issues with student housing at the University. These include extensive life-cycle maintenance needs in the current stock of mid-20<sup>th</sup> century high-rise residence halls, the need for additional beds to alleviate the overcrowding in existing student housing facilities, and a demand for on-campus residency from upper division undergraduate and graduate students. The master plan has been updated to address the need to accommodate increased out-of-state and international enrollments.

The individual projects in the master plan are sequenced to achieve three specific objectives: 1) to alleviate existing overcrowding; 2) to provide the surge space necessary to accommodate renovation of the existing residence halls; and 3) to increase the number of new beds to respond to student demand. The phased implementation of the housing plan, in turn, provides for managing project risk through the use of off-ramps, (as described below) at key points throughout each phase of implementation. The financial analysis tests for the independent financial feasibility of each phase.

#### PHASE II REFINEMENTS:

Since the November 2010 Board of Regents presentation, the Phase II project schedule and budgets have been refined. The Site 30W project, previously scheduled for occupancy in August 2014, has been delayed by one year; the revised construction start date is December 2013 with occupancy scheduled for August 2015. With occupancy of the Mercer Hall Replacement project scheduled for August 2013, the revised construction start date on Site 30W will enable HFS to have firm occupancy data on the Mercer Hall project before proceeding with construction on Site 30W. Having firm occupancy data on the Mercer Hall project prior to starting construction on Site 30W will enhance occupancy risk management of Phase II.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets (continued p. 3)

The proposed Phase II project budget has been increased from \$245.5 million to \$257 million to reflect escalation for the one-year delay of Site 30W, additional parking in the Mercer Hall project, and refinement of the Mercer Hall project cost forecast based upon the most recent contractor estimate.

#### PHASE II PROJECT:

Phase II of the master plan proposes to replace Mercer Hall and Lander Hall and to construct a new apartment building on site 30W. These projects will add 1,830 new and replacement beds for a net addition of 762 beds (from the 2010 HFS base line) after accounting for the elimination of overcrowding and the vacating of Terry Hall for renovation as part of Phase III.

Mercer Hall Replacement Project: The Mercer Hall site (considered a single site for project planning purposes) presently encompasses the existing Mercer residence hall, an adjacent parking lot with 70 parking stalls (site 29W), and open space (site 42W). Consistent with the goals of the master plan, Mercer Hall will be replaced for programmatic and economic reasons. Mercer Hall currently provides 455 residence beds. The redevelopment of the Mercer Hall site includes 150-200 below-grade parking spaces with approximately 930 student apartment beds in five separate buildings above the parking garage. The buildings will take advantage of the 65 foot height limit for this site. The Mercer site is envisioned as part of a village focusing on upper-division undergraduate and graduate students living in apartment-style housing.

Lander Hall Replacement Project: Lander Hall currently provides approximately 833 residence hall beds. Lander Hall was originally designed for two beds per room and is currently occupied with three beds per room. A program goal is to eliminate the triple bed configurations. Replacement of Lander Hall as part of Phase II will include a combination of approximately 550 residence style and student apartment beds. The new Lander Hall will also contain kitchen and dining facilities for the west of 15<sup>th</sup> Avenue residence halls, a regional information and service desk, and entry to new below-grade parking to replace the existing surface and below-grade parking.

Site 30W Project: Site 30W is an existing University parking lot, with approximately 39 parking stall, located west of Condon Hall that will support the development of approximately 350 student apartment beds. Parking for the site 30W apartment building will be accommodated in the Cedar

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets

(continued p. 4)

Apartments parking lot located diagonally across from site 30W. A ten-story building will take advantage of the 105 foot height limit for this site.

PHASE II PROJECT SCHEDULE:

Mercer Hall Replacement

Architect selection	June 2010
Predesign	June 2010 – October 2010
Design	November 2010 – October 2011
Construction	July 2011 – July 2013
Occupancy	August 2013

Lander Hall replacement

Architect selection	January 2010
Predesign	March 2010 – October 2010
Design	November 2010 – May 2012
Construction	July 2012 – July 2014
Occupancy	August 2014

Site 30W

Architect selection	June 2010
Predesign	June 2010 – June 2012
Design	July 2012 – October 2013
Construction	December 2013 – July 2015
Occupancy	August 2015

PHASE II PROJECT BUDGET:

The proposed Housing Master Plan Phase II total project budget is \$257,000,000. This is composed of the following:

Mercer Hall Replacement	\$ 118.0 million
Lander Hall Replacement	\$ 77.0 million
Site 30W	\$ 62.0 million
<hr/>	
TOTAL	\$ 257.0 million

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets  
(continued p. 5)

FINANCING PLAN

The sources and uses for the project are as follows:

<u>Sources of Funds</u>	<u>(\$MM)</u>
Housing and Food Services	7.0
Internal Lending Program	279.1
Total, Sources of Funds	<u>286.1</u>

<u>Uses of Funds</u>	
Design/Construction Cost	244.7
Furniture, Fixtures and Equipment	12.3
ILP interest during construction	26.3
ILP cost of issuance	2.8
Total, Uses of Funds	<u>286.1</u>

---

Annual debt service	19.0
Repayment source: HFS Housing revenue	

CREDIT ANALYSIS:

The Treasury Office performed a detailed credit analysis of the Phase II project for Housing and Food Services as part of the due diligence for this borrowing. For purposes of this credit analysis, Phase II was evaluated in isolation from future phases of the Student Housing Master Plan.

**Phase II Off-ramps**

Off-ramps provide an opportunity to adjust project scope and/or timing in response to changing circumstances. For the Phase II projects, HFS has identified three off-ramps (one for each project). In addition to occupancy rates for existing on-campus housing, each off-ramp will consider occupancy rates for recently completed projects. Other factors in the consideration to proceed with a particular project include an evaluation of any local, regional, or national event that could seriously impact attendance at the UW and any significant changes in the local private rental market that might materially impact the demand for on-campus housing.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets (continued p. 6)

Mercer Hall Replacement Project Off-Ramp: The first off-ramp occurs in June 2011 for the Mercer Hall project. If the estimated Fall 2011 occupancy for on-campus housing is less than 90% and the leased rate for Cedar Apartments, as of the date of the off-ramp, is less than 85% of design occupancy, then the project will be postponed or mitigation will be proposed to allow the project to proceed as planned

Lander Hall Replacement Project Off-Ramp: The second off-ramp occurs in June 2012 for the Lander Hall Replacement project. If the estimated Fall 2012 occupancy for on-campus housing is less than 90% and the leased rate for Elm and Alder Halls, as of the date of the off-ramp, is less than 85% of design occupancy, then the project will be postponed or mitigation will be proposed to allow the project to proceed as planned

Site 30W Project Off-Ramp: The third off-ramp occurs in October 2013 for the Site 30W project. If the actual Fall 2013 occupancy for on-campus housing is less than 90% and the actual occupancy for Mercer Hall, as of the date of the off-ramp, is less than 90% of the design occupancy, then the project will be postponed or mitigation will be proposed to allow the project to proceed as planned

#### **Base Case and Stress Tests**

Project debt will be repaid with revenue from new residence halls and apartments.

Base Case: The base case ("expected case") analysis shows that HFS will be able to service the project debt while maintaining a minimum debt service coverage ratio of 1.25 with reserve levels above targeted minimums.

Stress Tests: Sensitivity analyses were performed to assess the financial impact of higher construction cost inflation, lower occupancy in new HFS units, and both stresses combined ("worst case"). These sensitivity analyses assume that HFS management takes no contingency actions to mitigate the negative financial impacts.

The analyses show that under either stress scenario, HFS maintains positive ending reserve balances but temporarily fails to meet minimum coverage and reserve targets. Under the construction cost inflation stress test, HFS achieves positive coverage after two years at slightly below minimum and achieves

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

Student Housing Phase II: Mercer Hall Replacement, Lander Hall Replacement, and Site 30W Projects – Approve Debt Funding and Approve Project Budgets  
(continued p. 7)

positive required reserves after four years at slightly below minimum. Under the more severe occupancy stress test, HFS achieves positive coverage after three years at slightly below minimum and moves toward positive required reserves after 2020.

Under the combined "worst case" stress scenario, ending reserve balances are depleted by 2018 and remain negative thereafter. HFS achieves positive coverage after five years at below minimum and fails to meet minimum required reserve levels after 2015. HFS management actions to mitigate these impacts would include controlling costs by closing underperforming residence halls, reducing staff costs, and reducing capital expenditures.

#### PREVIOUS ACTIONS:

- |              |                                                                                                                                                                        |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 2010 | Terry and Lander Halls Renovation architect appointment approved, GC/CM alternative public works contracting and delegation to award a construction contract approved. |
| June 2010    | Mercer Hall Site and Site 30W architect appointment approved, GC/CM alternative public works contracting and delegation to award a construction contract approved.     |

#### *Attachments*

- Attachment A – Student Housing Locations Map
- Attachment B – Capital Projects Office Design and Construction Budgets
- Attachment C – Housing and Food Services Proforma
- Attachment D – Summary of Stress Tests and Mitigation



**UNIVERSITY OF WASHINGTON  
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET  
ALTERNATIVE PROCUREMENT (GC/CM)**

PROJECT: Housing Phase 2

Project Number: Various (see attached)

ESTIMATED DATE OF COMPLETION: Various (see attached)

<u>Project Budget</u>	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
Pre-Schematic Design Services	\$ 1,720,000	0.7%
A/E Basic Design Services	\$ 9,582,000	3.7%
Extra Services	\$ 5,913,000	2.3%
Other Services	\$ 2,639,000	1.0%
Design Services Contingency	\$ 2,049,000	0.8%
<b>Consultant Services</b>	<b>\$ 21,903,000</b>	<b>8.5%</b>
GC/CM Construction Cost	\$ 169,016,000	65.8%
Other Contracts	\$ -	0.0%
Construction Contingencies	\$ 14,555,000	5.7%
Sales Tax	\$ 17,439,000	6.8%
<b>Construction</b>	<b>\$ 201,010,000</b>	<b>78.2%</b>
HFS Equipment & Furnishings	\$ 12,264,000	4.8%
HFS Contingency	\$ 10,736,000	4.2%
Other Costs	\$ 4,992,000	1.9%
Project Management	\$ 6,095,000	2.4%
<b>Other</b>	<b>\$ 34,087,000</b>	<b>13.3%</b>
<b>Total Project Cost (TPC)*</b>	<b>\$ 257,000,000</b>	<b>100.0%</b>
 <b><u>Included in Above:</u></b>		
Escalation at 3% per year	\$ 16,696,147	6.9%



**Housing and Food Services  
FY 2009-2022 Base Case Proforma  
HMP Phase II (\$000)**

	Audit <b>2009</b>	Prelim <b>2010</b>	Budget <b>2011</b>	Projected <b>2012</b>	Projected <b>2013</b>	Projected <b>2014</b>	Projected <b>2015</b>	Projected <b>2016</b>	Projected <b>2017</b>	Projected <b>2018</b>	Projected <b>2019</b>	Projected <b>2020</b>	Projected <b>2021</b>	Projected <b>2022</b>
<b><u>Net Income</u></b>														
Operating Revenue	60,333	62,839	61,480	67,845	77,386	91,816	100,022	108,586	113,139	117,668	122,380	127,281	132,381	137,688
Operating Expense	46,447	47,984	49,738	51,843	57,193	60,713	63,575	66,700	69,075	71,543	74,108	76,773	79,543	82,431
<b>Net Operating Income</b>	<b>13,886</b>	<b>14,855</b>	<b>11,742</b>	<b>16,002</b>	<b>20,193</b>	<b>31,104</b>	<b>36,447</b>	<b>41,885</b>	<b>44,064</b>	<b>46,125</b>	<b>48,272</b>	<b>50,509</b>	<b>52,838</b>	<b>55,257</b>
Non Operating Income	2,925	2,869	2,889	2,987	2,402	2,589	2,484	2,657	2,783	2,927	3,096	3,289	3,508	3,732
<b>Total Income Before Debt Svc. and Cap Ex.</b>	<b>16,812</b>	<b>17,725</b>	<b>14,630</b>	<b>18,989</b>	<b>22,595</b>	<b>33,693</b>	<b>38,932</b>	<b>44,542</b>	<b>46,846</b>	<b>49,052</b>	<b>51,368</b>	<b>53,798</b>	<b>56,346</b>	<b>58,988</b>
<b><u>Debt Service</u></b>														
HFS Debt Service	5,941	6,426	8,506	12,512	16,356	16,366	16,364	16,359	16,363	16,358	16,358	16,358	16,358	16,358
Phase II Debt Service	-	-	-	-	-	7,781	14,267	18,621	19,017	19,017	19,017	19,017	19,017	19,017
<b>Total Debt Services</b>	<b>5,941</b>	<b>6,426</b>	<b>8,506</b>	<b>12,512</b>	<b>16,356</b>	<b>24,147</b>	<b>30,631</b>	<b>34,980</b>	<b>35,380</b>	<b>35,375</b>	<b>35,375</b>	<b>35,375</b>	<b>35,373</b>	<b>35,375</b>
<b>HFS System Coverage</b>	<b>2.83</b>	<b>2.76</b>	<b>1.72</b>	<b>1.52</b>	<b>1.38</b>	<b>1.4</b>	<b>1.27</b>	<b>1.27</b>	<b>1.32</b>	<b>1.39</b>	<b>1.45</b>	<b>1.52</b>	<b>1.59</b>	<b>1.67</b>
<b><u>Capital Expenses</u></b>														
HFS Capital Expenses	5,158	3,760	5,349	4,600	4,600	4,300	13,200	13,200	13,200	13,200	13,200	13,200	13,200	15,500
<b>HFS Income After Debt Svc. and Cap Exp.</b>	<b>5,500</b>	<b>7,097</b>	<b>-446</b>	<b>1,377</b>	<b>1,139</b>	<b>4,945</b>	<b>-5,199</b>	<b>-3,938</b>	<b>-1,933</b>	<b>277</b>	<b>2,592</b>	<b>5,023</b>	<b>7,573</b>	<b>7,913</b>
<b><u>Reserves</u></b>														
HFS Beginning Reserve Balance	12,472	17,972	25,069	24,623	26,000	27,139	32,084	26,885	22,947	21,014	21,291	23,883	28,906	36,480
Plus Income After Debt Svc. and Cap Ex.	5,500	7,097	-446	1,377	1,139	4,945	-5,199	-3,938	-1,933	277	2,592	5,023	7,573	7,913
<b>Ending Reserve Balance</b>	<b>17,972</b>	<b>25,069</b>	<b>24,623</b>	<b>26,000</b>	<b>27,139</b>	<b>32,084</b>	<b>26,885</b>	<b>22,947</b>	<b>21,014</b>	<b>21,291</b>	<b>23,883</b>	<b>28,906</b>	<b>36,480</b>	<b>44,393</b>
HFS Reserve Requirement	11,789	12,097	12,448	12,869	13,939	14,643	15,215	15,840	16,315	16,809	17,322	17,855	18,409	18,986
<b>Over / (Under) Reserve Requirement</b>	<b>6,183</b>	<b>12,972</b>	<b>12,175</b>	<b>13,132</b>	<b>13,200</b>	<b>17,442</b>	<b>11,670</b>	<b>7,107</b>	<b>4,699</b>	<b>4,482</b>	<b>6,562</b>	<b>11,052</b>	<b>18,071</b>	<b>25,407</b>

**Summary of Stress Tests & Mitigation\***

**Housing Master Plan, Phase II (\$000)**

**2014    2015    2016    2017    2018    2019    2020    2021    2022**

**Base Case**

HFS system coverage	1.40	1.27	1.27	1.32	1.39	1.45	1.52	1.59	1.67
Ending reserve balance	32,084	26,885	22,947	21,014	21,291	23,883	28,906	36,480	44,393
Excess/(deficit) over reserve requirement	17,442	11,670	7,107	4,699	4,482	6,562	11,052	18,071	25,407

**Occupancy Stress**

HFS system coverage	1.28	1.19	1.18	1.23	1.28	1.33	1.39	1.44	1.50
Ending reserve balance	29,185	21,392	14,359	8,951	5,349	3,628	3,875	6,177	8,290
Excess/(deficit) over reserve requirement	14,543	6,177	(1,482)	(7,364)	(11,460)	(13,693)	(13,980)	(12,232)	(10,696)

**Construction Inflation Stress**

HFS system coverage	1.35	1.21	1.20	1.25	1.31	1.37	1.43	1.50	1.57
Ending reserve balance	31,344	24,614	18,601	14,523	12,634	13,039	15,852	21,194	26,853
Excess/(deficit) over reserve requirement	16,701	9,399	2,761	(1,792)	(4,174)	(4,283)	(2,003)	2,785	7,867

**Combined Stress (Worst-Case)**

HFS system coverage	1.24	1.13	1.12	1.16	1.20	1.25	1.31	1.36	1.42
Ending reserve balance	28,444	19,122	10,012	2,460	(3,308)	(7,216)	(9,180)	(9,109)	(9,250)
Excess/(deficit) over reserve requirement	13,802	3,907	(5,828)	(13,855)	(20,117)	(24,538)	(27,034)	(27,518)	(28,236)




**Mitigation (for Worst-Case)\*\***

HFS system coverage	1.26	1.25	1.26	1.25	1.26	1.25	1.31	1.36	1.42
Ending reserve balance	29,051	23,543	19,770	16,672	18,050	19,141	18,928	18,999	19,858
Excess/(deficit) over reserve requirement	14,530	9,091	4,997	1,047	1,670	1,820	1,074	590	872

\* Stress testing is a sensitivity exercise and assumes that HFS management takes no compensating action to mitigate negative impacts.

\*\*To achieve 1.25 times coverage, HFS annual operating budget would have to be reduced by amounts ranging between 1% and 8% per year (not cumulative) in 2014 - 2018. To meet the minimum reserve target, HFS would have to additionally reduce annual capital expenditures by amounts ranging between \$1 million and \$5 million (not cumulative) in 2017 - 2022..

Shaded areas:

- Debt service coverage below 1.25 times 
- Negative ending reserve balance 
- Did not meet minimum reserve target 

**VII. STANDING COMMITTEES****B. Finance, Audit and Facilities Committee**University of Washington Bothell – Acquisition of Student HousingRECOMMENDATION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

- 1) Approve the purchase of the Beardslee Cove Apartments property for \$10,937,000;
- 2) Approve the use of the Internal Lending Program to fund up to \$13,000,000 in acquisition, property improvement, furniture, real estate, and debt costs of issuance; and
- 3) Delegate to the President the authority to execute all documents related to this transaction.

BACKGROUND:**Purpose and Benefit**

The University of Washington Bothell launched a student housing program in 2009 by master leasing existing apartment properties near the campus. Student housing demand has continued to grow and in order to meet this demand UW Bothell proposes to acquire the Beardslee Cove Apartments, a 4.4 acre existing apartment property contiguous with the campus boundary. The acquisition of Beardslee Cove Apartments will provide approximately 244 student housing beds and can be available for fall 2011 occupancy allowing the campus to maintain momentum in the housing program development. The proposed acquisition property has unused development capacity for future campus needs and may reduce the capital investment needed for costly parking structures. Beardslee Cove Apartments is a strategic acquisition that will provide student-centered housing in support of UW Bothell's 21<sup>st</sup> Century Campus Initiative and in a manner that is consistent with the campus master plan.

**Property Description**

The property, located at 18632 Beardslee Blvd, Bothell, WA contiguous with UW Bothell Campus, was constructed in 1986 and consists of approximately 70,722 GSF on a site that is 4.4 acres. The building has 90 residential units (45-1 bedroom and 45-2 bedroom units), a community center building, and 180 parking

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### University of Washington Bothell – Acquisition of Student Housing (continued p. 2)

spaces. The property is owned by Beardslee Cove Apartments LLC and is zoned for dormitories, student housing, multi-family etc.

#### **Purchase of Real Estate**

The Purchase and Sale Agreement for the Beardslee Cove Apartments contains the following terms:

- 1) Seller: Beardslee Cove Apartments, LLC
- 2) Purchase Price: \$10,500,000 + University to pay Seller's prepayment penalty estimated at \$250,000 and excise tax at \$187,000 for a total purchase price of \$10,937,000.
- 3) Closing Date: On or before April 29, 2011
- 4) Contingencies:
  - a. UW approval of property condition – Phase 1 environmental assessment has been completed and shows no environmental issues. A building condition assessment was completed and delineates normal wear and tear.
  - b. UW approval of title report – In progress; no substantive issues identified.
  - c. Regents approval – Pending

#### **Property Management**

A third-party property manager will coordinate all lease terminations and minor renovation work in preparation for conversion of the property to student housing uses for fall of 2011. Interim management is planned to be in place through September 2012, after which time UW Bothell will manage the property internally.

#### FINANCING PLAN AND CREDIT ANALYSIS

The proposed total purchase price is \$10,937,000 and the total amount requested to be funded from the Internal Lending Program is \$12,965,000 to include the purchase price, furniture, property improvements and transaction costs. Sources and uses of the project are below:

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

University of Washington Bothell – Acquisition of Student Housing (continued p. 3)

**Sources and Uses of Funds (\$000)**

<u>Sources of Funds</u>	
Internal Lending Program Loan	12,965
<b>Total Sources of Funds</b>	<b>12,965</b>
<u>Uses of funds</u>	
Purchase price	10,500
Excise Tax	187
Prepayment penalty on sellers loan	250
Total Purchase Price	10,937
Property Improvement Costs	1,300
Real Estate Transaction Costs	80
Furniture	400
Contingency	120
Loan cost of issuance	128
Total Other Costs	2,028
<b>Total Uses of Funds</b>	<b>12,965</b>
Annual Loan Payment	892

The Treasury Office performed a credit analysis of the Beardslee Cove purchase as part of the due diligence for this borrowing. This credit analysis looked at the project on a standalone basis, although UW Bothell unrestricted reserves will also be available for debt service.

Project debt will be repaid from apartment rental revenue. The base case proforma (attachment 3) shows positive cash flow and minimum debt service coverage in the first year with the coverage ratios and reserves growing over the planning period.

Key assumptions include:

- Freshmen class growing from 500 in 2011 to 1,000 in 2018
- Percentage of freshman living in housing 30% in 2011 growing to 35% by 2018
- Rents and operating expenses increasing at 3% annually

As shown in attachment 4, two risks were stress-tested: a smaller than expected freshman class size and an increase in the costs of improving the property prior to

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

#### University of Washington Bothell – Acquisition of Student Housing (continued p. 4)

UW use. Under each individual stress, the project generates a positive cash flow and minimum coverage by the second year of operation. Under a “worst case” scenario, where there is both a smaller than expected freshman class and increased improvement costs, the project maintains coverage above 1 times and reaches minimum coverage by the fourth year of operation.

In the event that revenue targets are not met, UW Bothell could make the units available to Cascadia students, reduce capital expenses, and use reserves to fund debt service, or make some of the units available to the general public.

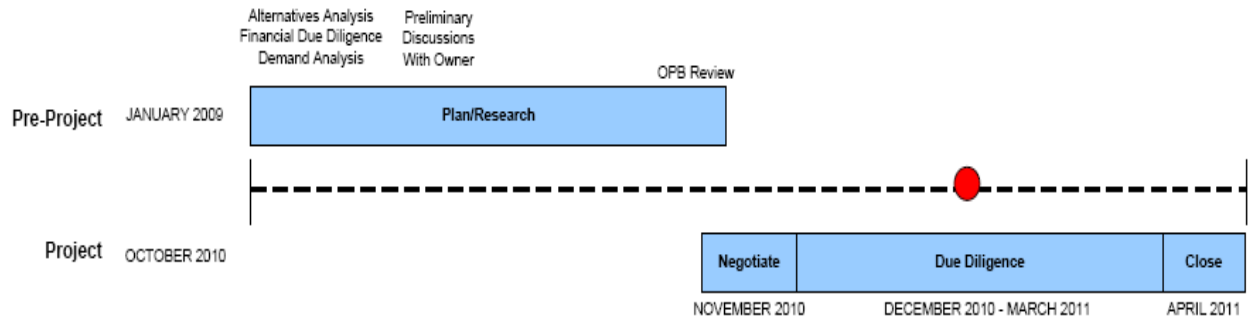
#### REVIEW & APPROVALS

Purchase of the Beardslee Cove Apartment Building and financing of the purchase price has been reviewed and recommended for approval by the Chief Real Estate Officer, the Senior Vice President and the Chancellor and Vice Chancellor for UW Bothell.

#### *Attachments*

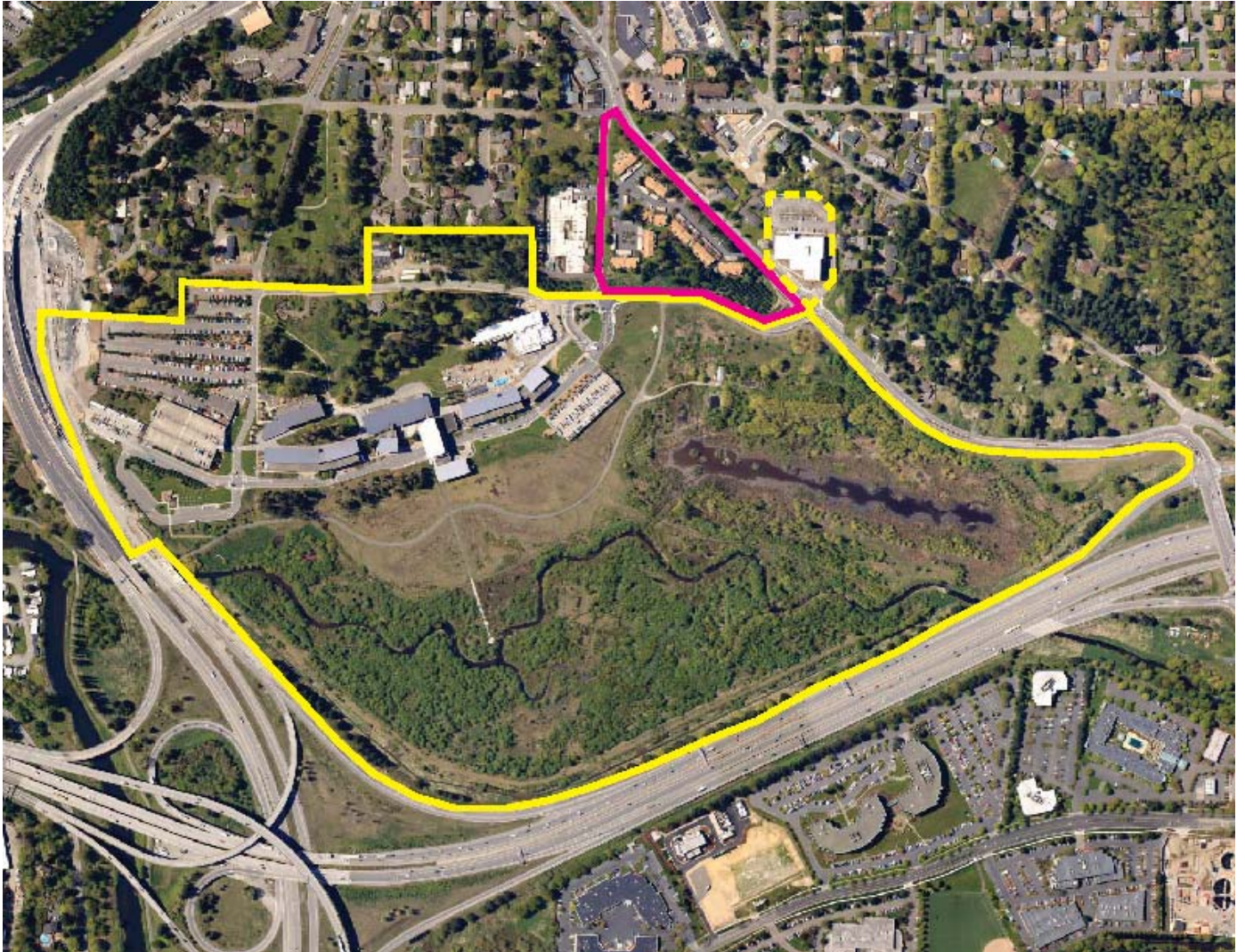
1. Acquisition Timeline
2. Site Map
3. Beardslee Cove Purchase – Ten Year Operating Proforma
4. Beardslee Cove Purchase – Stress Test

# Acquisition Timeline



## ATTACHMENT 1

# Site Map



## ATTACHMENT 2

F-8.2/202-11  
2/17/11



### Beardslee Cove Purchase - Ten Year Operating Proforma

Rent per Bed (3% annual rent increase)	\$695	\$716	\$737	\$759	\$782	\$806	\$830	\$855	\$880	\$907
<b>REVENUE</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
1 BR/1BA	750,600	773,118	796,312	820,201	844,807	870,151	896,256	923,143	950,838	979,363
2BR/1BA	650,520	670,036	690,137	710,841	732,166	754,131	776,755	800,058	824,059	848,781
2 BR/2BA	633,840	652,855	672,441	692,614	713,393	734,794	756,838	779,543	802,930	827,017
Gross Potential Rent	2,034,960	2,096,009	2,158,889	2,223,656	2,290,365	2,359,076	2,429,849	2,502,744	2,577,826	2,655,161
Less 8% Vacancy (incl. lease-up in year 1)	(265,430)	(167,681)	(172,711)	(177,892)	(183,229)	(188,726)	(194,388)	(200,220)	(206,226)	(212,413)
Nonrefundable fees	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Total Revenue	1,781,030	1,939,828	1,997,678	2,057,263	2,118,636	2,181,850	2,246,961	2,314,025	2,383,100	2,454,248
<b>OPERATING EXPENSES</b>										
Property Expenses	413,269	425,667	438,437	451,590	465,138	479,092	493,465	508,269	523,517	539,222
Program Expenses	263,960	271,879	280,035	288,436	297,089	306,002	315,182	324,638	334,377	344,408
Total Operating Expenses	677,229	697,546	718,472	740,026	762,227	785,094	808,647	832,906	857,893	883,630
<b>Net Cash Flow before Debt Service</b>	<b>1,103,801</b>	<b>1,242,282</b>	<b>1,279,206</b>	<b>1,317,237</b>	<b>1,356,409</b>	<b>1,396,756</b>	<b>1,438,314</b>	<b>1,481,118</b>	<b>1,525,207</b>	<b>1,570,618</b>
Debt Service (\$13 million at 5.5%, 30 years)	892,087	892,087	892,087	892,087	892,087	892,087	892,087	892,087	892,087	892,087
Debt Service Coverage Ratio	1.24	1.39	1.43	1.48	1.52	1.57	1.61	1.66	1.71	1.76
<b>Net Cash Flow after Debt Service</b>	<b>211,714</b>	<b>350,195</b>	<b>387,119</b>	<b>425,150</b>	<b>464,322</b>	<b>504,669</b>	<b>546,227</b>	<b>589,031</b>	<b>633,120</b>	<b>678,531</b>
<b>Reserve Calculations</b>										
Beginning Property Reserves	-	211,714	432,410	690,028	947,578	1,282,400	1,657,569	2,009,296	2,468,828	2,972,448
Addition to reserves	211,714	350,195	387,119	425,150	464,322	504,669	546,227	589,031	633,120	678,531
Capital Improvements	-	(129,500)	(129,500)	(167,600)	(129,500)	(129,500)	(194,500)	(129,500)	(129,500)	(129,500)
Ending Reserves	211,714	432,410	690,028	947,578	1,282,400	1,657,569	2,009,296	2,468,828	2,972,448	3,521,479
Minimum reserves	(892,087)	(892,087)	(892,087)	(892,087)	(892,087)	(892,087)	(892,087)	(892,087)	(892,087)	(892,087)
Over/under minimum reserves	(680,373)	(459,677)	(202,059)	55,491	390,313	765,482	1,117,209	1,576,741	2,080,361	2,629,392

ATTACHMENT 3

## Beardslee Cove Purchase – Stress Test

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
<b>Stress Test #1: Loan amount increases to 14 million because of additional up front costs:</b>										
Net Cash Flow before Debt Service	1,103,801	1,242,282	1,279,206	1,317,237	1,356,409	1,396,756	1,438,314	1,481,118	1,525,207	1,570,618
Annual Debt Service (14 million)	963,275	963,275	963,275	963,275	963,275	963,275	963,275	963,275	963,275	963,275
Debt Service Coverage Ratio	1.15	1.29	1.33	1.37	1.41	1.45	1.49	1.54	1.58	1.63
Ending Reserves	211,714	432,410	690,028	947,578	1,282,400	1,657,569	2,009,296	2,468,828	2,972,448	3,521,479
<b>Stress Test #2: Freshman class remains flat:</b>										
Net Cash Flow before Debt Service	1,044,702	1,114,778	1,185,875	1,222,025	1,259,260	1,297,612	1,337,114	1,377,801	1,419,709	1,462,875
Annual Debt Service (13 million)	892,087	892,087	892,087	892,087	892,087	892,087	892,087	892,087	892,087	892,087
Debt Service Coverage Ratio	1.17	1.25	1.33	1.37	1.41	1.45	1.50	1.54	1.59	1.64
Ending Reserves	152,615	245,806	410,094	572,432	810,104	1,086,129	1,336,656	1,692,870	2,090,992	2,532,280
<b>Stress Test #1 &amp; 2 combined</b>										
Net Cash Flow before Debt Service	1,044,702	1,114,778	1,185,875	1,222,025	1,259,260	1,297,612	1,337,114	1,377,801	1,419,709	1,462,875
Annual Debt Service (14 million)	963,275	963,275	963,275	963,275	963,275	963,275	963,275	963,275	963,275	963,275
Debt Service Coverage Ratio	1.08	1.16	1.23	1.27	1.31	1.35	1.39	1.43	1.47	1.52
Ending Reserves	81,427	103,429	196,528	287,678	454,162	658,998	838,337	1,123,362	1,450,296	1,820,395

## ATTACHMENT 4

VII. STANDING COMMITTEES

B. Finance, Audit, and Facilities Committee

University of Washington Bothell – Student Housing Rate Adjustment

RECOMMENDATION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Regents approve the rental rates for UW Bothell student housing.

BACKGROUND:

The University of Washington Bothell launched a student housing program in 2009 by master leasing existing apartment properties near the campus. In order to expand the housing program for fall 2011 to meet the demonstrated student housing demand, the University of Washington Bothell is proposing to acquire the Beardslee Cove Apartments, a 4.4 acre existing apartment property contiguous with the campus boundary.

UW Bothell’s housing program is operated as a self-sustaining auxiliary enterprise and rental rates have been set to cover the cost of facilities, furniture, student life programming, insurance, staffing and other expenses. Rental rates for the current academic year have allowed the program to generate revenues consistent with the 2010-11 housing program pro forma. The proposed 2011-12 rates are included in the pro forma for the acquisition of the Beardslee Cove Apartments for operation as a student housing facility. The proposed adjusted rates support the continuation of the self-sustaining business model for the housing program while ensuring that housing remains affordable for students.

For the 2011-12 academic year, the following rental rates are proposed:

**Annual Term Agreement\*  
For All Quarters 2011-2012**

<b>Room Type</b>	<b>Current 2010-11 Rate</b>	<b>Proposed 2011-12 Rate</b>
Double Occupancy (Shared bedroom)	\$675/mo.(\$2,025/quarter)	\$695/mo. (\$2,085/quarter)
Single Occupancy (Shared 2 bdrm/1bath)	Not applicable	\$795/mo. (\$2,385/quarter)
Single Occupancy (Private 1 bdrm/1 bath)	\$1,200/mo.(\$3,600/quarter)	\$1,390/mo.(\$4,170/quarter)

\*Rates are shown per person for annual 12-month contracts and include 24/7 on-site staffing, student life programming, furnished units and all utilities (water,

VII. STANDING COMMITTEES

B. Finance, Audit, and Facilities Committee

University of Washington Bothell – Student Housing Rate Adjustment (continued p. 2)

sewer, garbage, electricity, basic cable, and internet service). No phone service is provided.

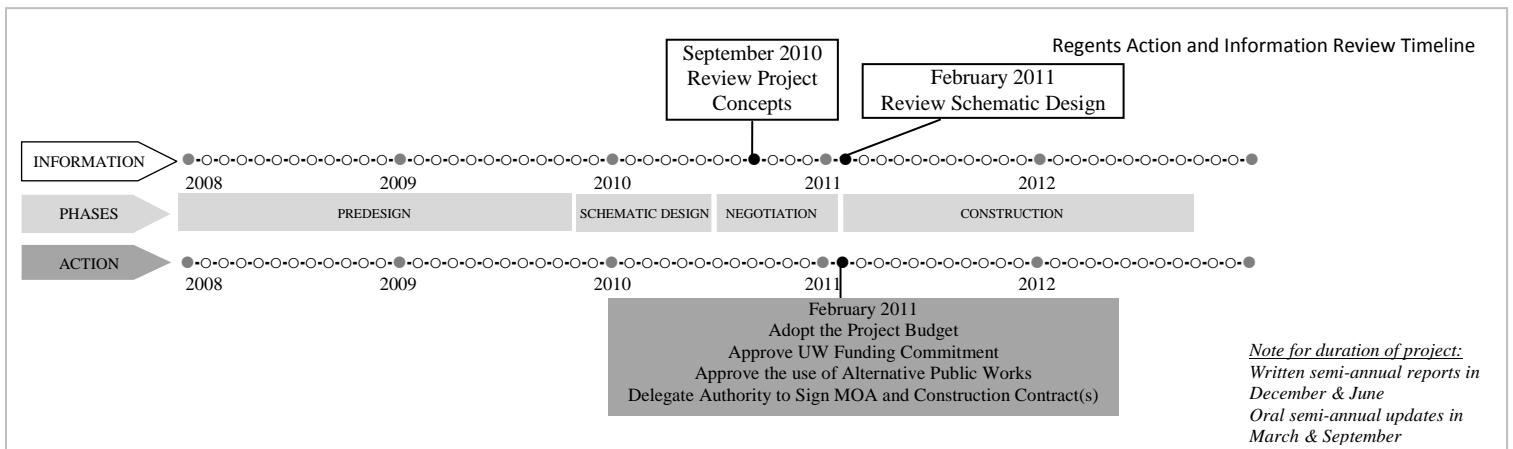
REVIEW & APPROVAL:

The proposed housing rates have been reviewed and recommended for approval by the UW Bothell Housing Team, the Assistant Vice Chancellor for Enrollment Management and Registrar, the Director of Auxiliary Services, the Director of Budget and Planning, the Vice Chancellor for Administration and Planning, and the Chancellor.

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) – Adopt Project Budget, Approve UW Funding Commitment, Approve the Use of Alternative Public Works, Delegate Authority to Sign a Memorandum of Agreement, Delegate Authority to Sign Construction Contract(s), and Review Schematic Design (for information only)



RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents:

- 1) Adopt the Project Budget for the Montlake Triangle Project (MTP) at \$38 million;
- 2) Approve a University of Washington funding commitment of \$4 million;
- 3) Approve the use of Alternative Public Works (General Contractor/ Construction Manager - GC/CM);
- 4) Delegate authority to the President to sign a three party Memorandum of Agreement (MOA) between the Washington State Department of Transportation (WSDOT), Sound Transit (ST) and the University of Washington (UW); and
- 5) Delegate authority to the President to sign construction contract(s).

PROJECT BACKGROUND:

Sound Transit (ST) is required to have a grade separated crossing at the Burke Gilman Trail as part of the pedestrian access to and from the light rail station at

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) – Adopt Project Budget, Approve UW Funding Commitment, Approve the Use of Alternative Public Works, Delegate Authority to Sign a Memorandum of Agreement, Delegate Authority to Sign Construction Contract(s), and Review Schematic Design (for information only) (continued p. 2)

Husky Stadium and ensure improvement of non-motorized transportation connections between Montlake Boulevard (SR 513) and the Burke Gilman Trail. WSDOT is responsible for the completion and connectivity of the SR 520 regional trail system and, as such, serve as mitigation for effects resulting from the SR 520 I-5 to Medina project.

Sound Transit's original UW approved solution was to provide a 710 foot long pedestrian bridge over Montlake Blvd, Pacific Place, and the Burke Gilman Trail to connect the station to the south end of Rainier Vista.

During the permitting review, Seattle Department of Transportation (SDOT) requested a study be performed to see if there was an equal, if not better, alternative to the bridge. A committee comprised of ST, the UW and SDOT concluded there was indeed a better alternative that used the Rainier Vista Concept Plan (RVCP) as the basis of the design.

In April 2010, the WSDOT SR 520 project announced their preferred alternate for the Montlake Triangle interchange which included portions of the University's RVCP. As part of the preferred alternate review process, additional criteria were introduced mandating all pedestrian crossing concepts be evaluated anew. The result was an agreement that a bridge from the transit station across Montlake boulevard with an incorporated bike ramp on the east side of Montlake onto the triangle was the best solution to accommodate WSDOT needs in addressing regional bike trail requirements.

#### PROJECT DESCRIPTION:

The scope of the Montlake Triangle Project (MTP) lowers NE Pacific Place and constructs a land bridge that will connect the Montlake triangle with the lower Rainier Vista in a seamless pedestrian experience. Transit patrons will access the triangle via a combination of existing crosswalks and a new mid-block bridge across Montlake connecting directly to the new ST University of Washington Station and Husky Stadium Plaza.

The MTP will consist of three subprojects that will be constructed sequentially and scheduled to minimize impacting light rail tunnel and Husky Stadium

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) – Adopt Project Budget, Approve UW Funding Commitment, Approve the Use of Alternative Public Works, Delegate Authority to Sign a Memorandum of Agreement, Delegate Authority to Sign Construction Contract(s), and Review Schematic Design (for information only) (continued p. 3)

renovation haul routes designated by the City of Seattle. These subprojects consist of:

- Montlake Pedestrian Bridge: This subproject will be designed and constructed under the management of Sound Transit. ST will construct a new bridge from the light rail station head house to the Montlake Triangle replacing their originally approved pedestrian bridge. They will also construct a new bicycle accessible pedestrian ramp connecting to the public Montlake Blvd sidewalk south of the station headhouse. The budget for this subproject is set at \$11.4 million.
- Rainier Vista Land Bridge Civil/Structural (RVLB): This subproject will be designed and constructed under the management of the UW. UW will lower NE Pacific Place, add light weight “fill” to raise the top of the Montlake Triangle, fill in the roadway which connects to the below grade entrance to the UW Triangle Garage northwest to Stevens Way and construct a “land bridge” connecting Rainier Vista to the Montlake Triangle. The budget for this subproject is set at \$20.8 million.
- Rainier Vista Land Bridge landscaping, hardscaping and finishes: This subproject will be designed and constructed under the management of the UW. UW will install hardsurface pathways, lighting, irrigation, trees and shrubbery from Stevens Way along the lower Rainier Vista, over the land bridge, the top of the Montlake Triangle and under the land bridge along the newly lowered NE Pacific Place. The budget for this subproject is set at \$4.5 million.

### PREVIOUS ACTIONS:

Specific to the Montlake Triangle Project, there has been one previous item brought before the regents:

September 2010 – Review Project Concept

Previous to that, the Rainier Vista Land Bridge Project, which is now incorporated into the MTP, was brought before the Regents on three occasions. However, these previous approvals are not applicable on the MTP.

## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) – Adopt Project Budget, Approve UW Funding Commitment, Approve the Use of Alternative Public Works, Delegate Authority to Sign a Memorandum of Agreement, Delegate Authority to Sign Construction Contract(s), and Review Schematic Design (for information only) (continued p. 4)

#### PROJECT BUDGET AND FUNDING:

The project budget for the three subprojects, plus \$1.3 million for work accomplished to date and permitting is set at \$38 million. Funding commitments for this project are agreed to as follows:

University of Washington	\$ 4 million
Sound Transit	\$ 12 million
Washington State Department of Transportation	<u>\$ 22 million</u>
Total	\$ 38 million

In addition to the above, WSDOT has agreed to place an additional \$5 million into a reserve account which can be used to fund in-scope costs that exceed a subproject's approved budget. This reserve account will be managed by an executive committee consisting of personnel from each of the three agencies. With unanimous agreement, funds from the reserve account can be allocated to a specific subproject, and unspent funds on a subproject can be re-allocated to another subproject for in-scope expenditures.

In the unlikely event that both the \$38 million budget and \$5 million reserve account are fully depleted, in-scope costs over \$43 million would be funded by the three agencies proportional to their original \$38 million funding commitment. That percentage, for the University, is 10.5 percent.

#### AGREEMENTS:

Three agreements memorialize this project between the five primarily involved agencies. The agencies are WSDOT, ST, UW, SDOT and King County Metro (Metro). These five agencies agreed to a framework necessary to construct this Montlake Triangle project, and executives with all five agencies signed a non-binding term sheet on November 18, 2010.

The second agreement is a Memorandum of Agreement (MOA) between the three funding agencies: WSDOT, ST and UW. This agreement is a binding agreement describing the scope of work, responsibilities of the parties, funding commitments, insurance, indemnification, payments and other terms and



## VII. STANDING COMMITTEES

### B. Finance, Audit and Facilities Committee

Montlake Triangle Project (formerly Rainier Vista Pedestrian Land Bridge) – Adopt Project Budget, Approve UW Funding Commitment, Approve the Use of Alternative Public Works, Delegate Authority to Sign a Memorandum of Agreement, Delegate Authority to Sign Construction Contract(s), and Review Schematic Design (for information only) (continued p. 5)

conditions. For the University, the relevant sections of this document have been reviewed and concurred with by the Capital Projects Office, Office of Risk Management, Attorney General's Office and External Affairs. Approval for delegation of authority to the President to sign the three-party MOA is requested.

The third agreement is currently viewed as a non-binding document between the five above named agencies. This document will more fully describe, at a high level, the roles, responsibilities and commitments of each of the five agencies. This agreement is expected to be completed and signed by the end of March 2011.

#### CONTRACTING STRATEGY:

It is the recommendation of the Capital Projects Office to use the alternate public works contracting procedure, General Contractor/Construction Manager (GC/CM) for the RVLB. The landscaping and hardscaping may either be incorporated into the GC/CM contract at the time of bidding or separately bid as a design-bid-build.

The Rainier Vista Land Bridge is scheduled to be constructed while the Sound Transit station is still under construction and these projects will need to be carefully coordinated. The lowering of NE Pacific Place will need complex coordination with traffic flows and as well as meeting city, county and federal public agency requirements during construction. With the three party budget commitments and limitations, construction cost estimating and guidance is critical. Since the project has recently completed the 30% (schematic design phase) the timing is critical to get a GC/CM on board and if authority is approved, we will quickly initiate the selection process.

#### SCHEDULE:

- |                                      |                   |
|--------------------------------------|-------------------|
| • 30% Design                         | February 2011     |
| • Execute MOA                        | February 2011     |
| • 60% Design                         | April 2011        |
| • Montlake Bridge Construction (SP1) | Start Spring 2012 |
| • RVLB Construction (SP2)            | Start Winter 2014 |
| • RVLB Landscaping (SP3)             | Start Fall 2014   |
| • Project Complete                   | Fall 2015         |

# Montlake Triangle Project

Board of Regents Meeting

February 17, 2011

# Items

- Review Schematic Design – Information
- Adopt Project Budget – Action
- Approve UW Funding Commitment – Action
- Approve Use of Alt. Public Works – Action
- Delegate Authority to sign MOA – Action
- Delegate Authority to sign Contract - Action



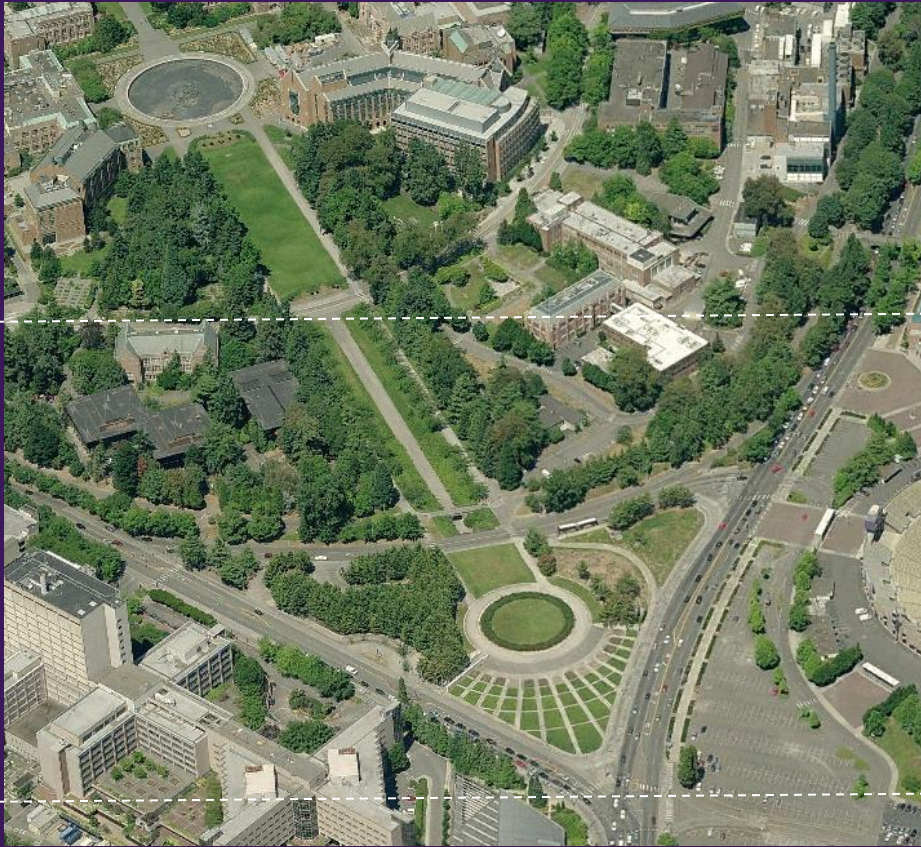
## Existing Condition of Rainier Vista & Montlake Triangle



Previously-Approved Plan



Proposed New Design



Existing Rainier Vista & Montlake Triangle



Proposed Design w/ Sound Transit Bridge



1. Rainier Vista
2. Land Bridge
3. Plaza
4. Pedestrian Bridge
5. Bike/Pedestrian Ramp
6. UW Station  
(Sound Transit)

Proposed Design



New Sound Transit Bridge Landing on Rainier Vista, Looking West





## Rainier Vista from New Pedestrian Bridge Landing Plaza on Triangle



Rainier Vista View North to Drumheller Fountain from Triangle



Approaching UW Station & Husky Stadium from South on Montlake



## Husky Stadium Approach from Sound Transit UW Station



Approaching UW Station & Husky Stadium from South on Montlake



Approaching UW Station & Husky Stadium from North on Montlake

# Project Execution Plan

- Three Subprojects
  - SP1 – Montlake Pedestrian Bridge
    - Design & Construction by Sound Transit
    - Budget \$11.4 million
    - Construction 2012 – 2013
  - SP2 – Rainier Vista Land Bridge
    - Design & Construction by UW
    - Budget \$20.8 million
    - Construction 2014

# Project Execution Plan

- Three Subprojects
  - SP3 – Rainier Vista Hardscape and Landscape
    - Design & Construction by UW
    - Budget \$4.5 million
    - Construction 2015
- ST to provide Accounting and Project Control
- 3 Party Executive Committee (WSDOT, ST, UW)



# Budget

• Costs through 30% Design	\$ 1.3 million
• SP1 (30%)	\$11.4 million
• SP2 (55%)	\$20.8 million
• SP3 (12%)	<u>\$ 4.5 million</u>
Total Project Cost	\$38.0 million

# Funding Plan



\*Funding over \$43 million, if required, will be shared in these percentages

# Agreements

- November 2010 Term Sheet
- Three Party MOA
- Five Party Agreement

# Three Party MOA

The Three Party MOA outlines the following:

- Roles and responsibilities of each agency for funding and construction of the SP1, SP 2 and SP3
- Funding commitment by each agency
- Process for requesting use of \$5 million reserve
- Process for monitoring progress and reconciliation of expenses
- Process for approval of work, design review, final inspection, ownership and maintenance of project elements
- Termination clause

# Five Party Agreement

- The five party agreement is between UW, ST, WSDOT, Metro and SDOT.
- It outlines the work and coordination to be done between these five agencies to assure project moves forward on schedule and within budget
- Metro and SDOT are not funding partners but they are critical to the success of the project through approval of permits and relocation of bus stops during construction

# Risks

- No termination after start of first construction
- Majority of budget is committed in 2014
- Unknown Conditions in Triangle Garage
- Unknown Conditions lowering Pacific Place
- Federal Contracting Requirements

**VII. STANDING COMMITTEES****B. Finance, Audit, and Facilities Committee**University of Washington 401(a) Supplemental Retirement Plan – Amendment to Limit ParticipationRECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve amendment of the University of Washington 401(a) Supplemental Retirement Plan (UWSRP) limiting participation to those individuals who are eligible on February 28, 2011.

The UWSRP was split out from the University of Washington Retirement Plan (UWRP) by Regent action effective January 1, 2009. The UWSRP is a defined benefit plan intended to be qualified under Internal Revenue Code Section 401(a). UW has an application pending for a determination by the Internal Revenue Service that the UWSRP is qualified under Section 401(a). This action will close the UWSRP to new participants after February 28, 2011.

EXPLANATION OF PROPOSED CHANGESSection 2.7 – “Eligible Employee”

Section 2.7 currently reads as follows:

2.7. “Eligible Employee” means any employee of UW who is employed in an Eligible Position, other than an employee who has retired from a position which is covered by RCW 28B.10.400 et seq.

Section 2.7 would be amended, effective February 28, 2011, to read as follows:

2.7. “Eligible Employee” means any employee of UW who either

(a) is (and was on February 28, 2011) employed in an Eligible Position (as defined), other than an employee who has retired from a position which is covered by RCW 28B.10.400 et seq.; or

(b) was an employee of UW who was employed in an Eligible Position (as defined) but who, before February 28, 2011, was moved to or whose position was converted to a position that qualifies for participation in a Washington State Retirement System, and who has irrevocably elected to remain in the UWRP under UWRP Section 3.1(c).

## VII. STANDING COMMITTEES

### B. Finance, Audit, and Facilities Committee

#### University of Washington 401(a) Supplemental Retirement Plan – Amendment to Limit Participation (continued p. 2)

This provision shall not adversely affect the right of any individual who on February 28, 2011 has satisfied all conditions for receiving benefits under the Plan to receive those benefits.

#### REVIEW AND APPROVAL:

This recommendation has been reviewed and approved by the Interim President, and reviewed by the Interim Provost, Vice Provost for Planning and Budgeting, and Executive Director of Benefits. The recommendation has also been reviewed by the following staff and faculty groups: Board of Deans and Chancellors, Professional Staff Organization, Association of Librarians at the University of Washington, and the Faculty Council on Benefits and Retirement.

#### *Attachments*

1. October 2010 Regents information item – UW Supplemental Retirement Plan Overview
2. Letter from Gerry Philipsen, Chair, Faculty Council on Benefits and Retirement



***Information item presented to the Board of Regents on October 21, 2010 as  
Item F-7***

UW Supplemental Retirement Plan Overview

INFORMATION:

In addition to the University of Washington Retirement Plan (UWRP) defined contribution 403(b) plan available to public higher education plan participants, there is the UW Supplemental Retirement Plan (UWSRP), a defined benefit, or formula-driven retirement plan. The Regents authorized the UWSRP in 1955 as established in RCW 28B.10.430 et seq. Effective January 2009, the Regents authorized a split of the UWSRP Defined Benefit into its own 401(a) Plan Document in response to changes in the Internal Revenue Code. Regardless of the Plan Document split, participants in the UWRP 403(b) continue to be concurrent participants in the UWSRP 401(a).

Eligibility for a UWSRP benefit calculation applies to those who retire with a minimum of 10 or more years of service in the Plan, and who are age 62 or older. The UWSRP is a formula-driven calculation created in 1955 in response to faculty concerns that there be some sort of “minimum benefit” provided by the institution. There are no employee contributions to the UWSRP; the benefit is fully funded by the institution, and projected future liabilities are funded within the Benefits Loading Rate calculation. Eligibility for a calculation does not guarantee that a benefit will be provided. Historically about 5 to 10% of those eligible for a UWSRP benefit calculation actually received a benefit. However during the economic downturn of the past three years, the rate of those retiring for whom there is a positive benefit calculation has risen to approximately 25% of those eligible for a calculation.

The calculation is actually a comparison of two separate calculations. Following is an abridged summary of that process.

One half of the UWSRP calculation process is similar to the state Public Employees’ Retirement System (PERS) Plan 1 formula:

2% X Years of Service (up to 25 years maximum) X Average Final  
Monthly Salary (high 2 years)

The result of this calculation is translated into a monthly retirement ***goal income*** amount.

The second half of the calculation is establishing a retirement ***assumed income*** amount based upon the contributions made during the individual’s participation in the UWRP. State law requires this calculation to assume that the total

ATTACHMENT 1

contributions (employer and employee) were invested 50% in a *fixed annuity* and 50% in a *variable annuity*. That is, instead of the actual returns the participant achieved, this model runs the actual contributions through an actuarial model as if they had been invested in a fixed annuity and variable annuity. The result is turned into a monthly annuity. Actuaries perform this calculation and provide the results to UW which uses the data to complete the calculation of the assumed income.

The goal income and assumed income, stated as monthly amounts, are compared. If the goal income calculation is higher, the difference between the two amounts is paid to the participant for the rest of his/her life, plus the life of the selected beneficiary. If the assumed income is higher, then no payment is due to the participant.

The UWSRP calculation is performed once, effective as of the date of retirement. No further calculations are ever performed.

#### UWSRP FACTS

Current number of retirees receiving a UWSRP lifetime benefit	220
Average monthly benefit amount	\$ 745
UWSRP payments to retirees for fiscal year 2009 – 2010	\$2.2 million

Additional details about the UWSRP are available online at:

<http://www.washington.edu/admin/hr/benefits/retirement/plans/uwrp/uwsrp.html>

January 28, 2011

To: J.W. Harrington, Chair, Faculty Senate  
From: Gerry Philipsen, Chair, Faculty Council on Benefits and Retirement

Subject: Council resolution recommending against the elimination of the UW Supplemental Retirement Benefit for new hires (Adopted by the FCBR on January 28, 2011)

Whereas the UW Supplemental Retirement Benefit (UWSRP):

- Has helped 5-10% of UWRP participants in retirement over approximately 55 years
- Has protected UWRP participants when they needed it most (during severe economic downturns). While the actuarial liability has increased during the recent economic crisis, this is exactly what it is designed to do. This liability will likely recede as the economy recovers and interest rates rise to “normal” levels.
- Provides a surviving spouse/partner a continuing supplemental monthly benefit upon death of retiree
- Puts UWRP benefits on par with defined benefit plans in place for other University employees (e.g., PERS 1, PERS 2)
- Only serves as downside protection and does not have inflation or other escalator clauses that are included in some other retirement plans (e.g., PERS 1), and thus UWSRP is much less expensive to fund than these other plans
- Is *potentially* a powerful recruiting and retention tool

Whereas elimination of the UW Supplemental Retirement Benefit for new hires:

- Would not save the University or the State any money for at least 10 years, and likely would not save significant money for 30 years or more (as UWRP participants must have a minimum of 10 years of service and cannot retire before age 62 to be eligible for a supplemental benefit)<sup>1</sup>
- Would jettison an important safeguard that differentiates the UW from its competitors
- Would be the largest benefit takeaway in decades and sends a negative message to UWRP participants and potential hires

Be it resolved that the Faculty Council on Benefits and Retirement encourages the UW Administration to reconsider its support for elimination of this important benefit. Its elimination does nothing to solve the current budget crisis and harms yet-to-be hired colleagues many years in the future.

Further, be it resolved that the Faculty Council on Benefits and Retirement encourages the Administration to help current UWRP participants plan for their retirement by supplying an estimate of the value (if any) of their supplemental benefit. One cannot adequately plan for retirement without this information and, currently, the information is only provided after one retires – a Catch 22.

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<sup>1</sup> The 30-year estimate assumes that the typical new hire is age 32 and retires at age 62. The earliest any cash savings could occur from elimination of the UWSRP for new hires is 10 years, i.e., where the new hire is age 52 and retires 10 years later at age 62.

ATTACHMENT 2

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

UW Medicine Board Annual Compliance Report

This report is for information only.

*Attachment*

UW Medicine Board Annual Compliance Report to the UW Board of Regents,  
February 17, 2011

# UW MEDICINE BOARD

## ANNUAL COMPLIANCE REPORT TO THE UW BOARD OF REGENTS

February 17, 2011

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## I. INTRODUCTION

### A. Purpose of the Annual Report

Section 1.4.3 of the UW Medicine Board Bylaws requires an annual report to the UW Board of Regents regarding the effectiveness of UW Medicine compliance programs, which includes but is not limited to, the following topics:

- Status of the compliance program infrastructure and reporting relationships
- Level of resources dedicated to the compliance programs
- Scope of authority of key positions
- Key compliance policies and issues
- Current assessment of compliance risks

### B. UW Medicine Structure

UW Medicine includes the following owned or managed entities:

- University of Washington School of Medicine (UWSOM)
- University of Washington Physicians (UWP)
- Harborview Medical Center (HMC)<sup>1</sup>
- University of Washington Medical Center (UWMC)<sup>2</sup>
- Northwest Hospital and Medical Center
- UW Neighborhood Clinics (UWNC)
- AirLift Northwest<sup>3</sup>

UW Medicine is also a founding member of two non-profit corporations: a pediatric practice plan, Children's University Medical Group (CUMG) founded with Seattle Children's Hospital (SCH), and the Seattle Cancer Care Alliance (SCCA) founded with the Fred Hutchinson Cancer Research Center (FHCRC) and SCH. All physician clinical services at the SCCA are provided by UW Medicine faculty physicians who are members of UWP or CUMG. UW Medicine faculty physicians provide clinical service at SCH primarily through CUMG. UW Medicine also has regular faculty physicians employed at the Puget Sound Veterans Administration Health System hospitals and the Boise VA Medical Center, which are part of the Veterans Administration, a federal agency. A key element tying the affiliated entities to UW Medicine is that they are staffed primarily by UW Medicine faculty who must meet UW Medicine standards and compliance expectations for patient care, teaching, and research activities.

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<sup>1</sup> Harborview Medical Center (HMC) is owned by King County and governed by a Board of Trustees appointed by King County. Pursuant to a management contract between King County, the Board of Trustees and the UW Board of Regents, UW Medicine manages HMC and provides physician services through UWP. All personnel at HMC, including faculty physicians, are employed by the UW.

<sup>2</sup> The governance authority for hospital accreditation, operations, and quality of patient care at UWMC is vested in the UW Medicine Board. The UW Board of Regents retains authority for some financial matters and capital plant expansion at UWMC.

<sup>3</sup> In July 2010, AirLift Northwest (ALNW) dissolved its 501C3 status and became a fully owned and operated entity of UW Medicine. All personnel of ALNW are UW or Seattle Children's employees.

## C. Executive Overview

Since the UW Medicine Board Compliance Committee was established in 2000, UW Medicine has continued to refine, reassess and improve its compliance programs. Efforts throughout the years have focused on understanding the compliance risks, establishing comprehensive and responsive programs, and promoting a culture of compliance. UW Medicine continues to make significant strides in these three focus areas.

Understanding the compliance risks. Risk assessment is a concurrent and continuous dynamic process. UW Medicine evaluates the regulatory environment in light of numerous changes and sources of input, including audit results, complaints and settlements, investigation outcomes, training feedback, national developments, and guidance from regulators. This information is used to identify risk areas which become the focus of leadership, compliance and operations in the venues and communication channels described in Section II of this report. In 2010, UW Medicine focused on six primary risk areas (including clinical billing, clinical research billing, privacy, information security, Stark and Anti-Kickback compliance, and conflicts of interest), based on the likelihood and impact of noncompliance. Although these were not the only compliance risks addressed by UW Medicine, they were the focus of comprehensive planning, implementation and reporting. Section III of this report highlights key developments in these areas, including proactive efforts to manage evolving regulatory demands, improved internal controls, and enhanced systems.

Establishing comprehensive and responsive programs. UW Medicine's compliance programs include elements required by the US Federal Sentencing Guidelines, described in Section IIA. In addition, the programs incorporate learnings from industry best practices. Section III highlights program elements within each of the key compliance areas.

Promoting a culture of compliance. In our first presentation to the UW Board of Regents in February, 2007, we conveyed the characteristics of a culture of compliance:

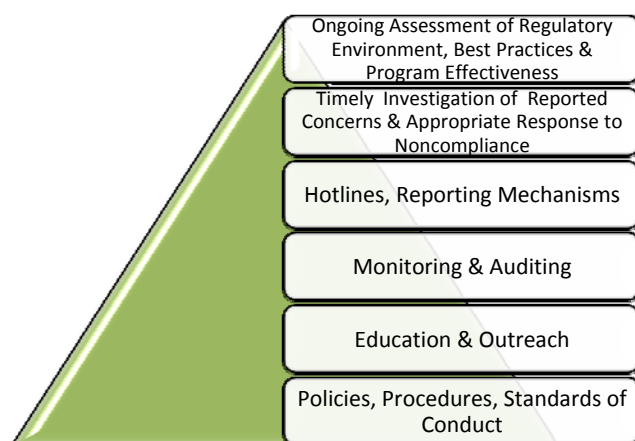
- Compliance accountability is clear for individuals and management.
- The organizational culture – trust, safety, and openness of communication – supports compliance.
- The compliance function is integrated for all of UW Medicine, and leadership comes from the CEO of UW Medicine.
- Business systems and processes support faculty, staff, students, and trainees to meet compliance requirements, especially with regard to documenting and coding accurately and efficiently.
- Compliance concerns are respected and immediately addressed, investigated, and resolved effectively.
- The organization has the ability to anticipate and prevent problems through strong risk assessment and compliance planning processes.
- UW Medicine is seen as a national leader in ethics and compliance, comparable to its leadership position in research, teaching, and patient care.

Section II describes the well-defined accountabilities and openness of communication inherent in the UW Medicine culture. The proactive identification of risks and the improvements in systems and reporting mechanisms outlined in Section III serve as further evidence of UW Medicine’s continued progress in promoting a culture of compliance. Taken together, these elements ensure senior-level executive support, reduce duplication of effort, enhance the flow of information throughout the system, and promote effective system-wide responses and best-practice models to address a dynamic regulatory environment.

## II. UW MEDICINE COMPLIANCE PROGRAM

### A. Program Components

UW Medicine compliance programs include the following core elements:



### B. Roles and Responsibilities

A culture of compliance relies on clearly defined roles and accountabilities. UW Medicine expects all **faculty, staff, students, trainees, and volunteers** to meet the professional, ethical and regulatory standards associated with their individual roles. Specifically, they are expected to understand and adhere to compliance policies and procedures, participate in required training, fulfill recordkeeping requirements, report compliance concerns, seek clarification when questions arise, and respond in a timely manner to requests for information associated with internal audits or investigations. These expectations are conveyed in new employee orientations, mandatory and voluntary training, regular communications from compliance officers and senior leaders, “Integrity at Work” brochures, and the Codes of Conduct for UWP and CUMG. UW Medicine is seen as a national leader among its peers for its policies on professional conduct and conflicts of interest<sup>4</sup>.

Staff in **management or supervisory positions** have additional responsibilities, including communicating compliance expectations, ensuring that personnel complete training, implementing and enforcing policies, monitoring compliance, and providing personal support of compliance initiatives.

<sup>4</sup> See <http://uwmedicine.washington.edu/Global/policies/Pages/default.aspx>



**Compliance Officers and staff** in compliance support roles lead the development of effective internal controls, respond to compliance inquiries, investigate allegations of noncompliance, monitor compliance, conduct audits, and participate in the development and delivery of compliance training.

The **Chief Compliance Officer, UW Medicine and Associate Vice President for Medical Affairs, University of Washington (CCO/AVPMA)** provides system-wide oversight and coordination, is a member of UW Medicine's senior leadership team, serves as an ex-officio member of all compliance committees, and staffs the UW Medicine Board Compliance Committee.

The **UW Medicine Board Compliance Committee (UWMB CC)** is advisory to the UW Medicine Board with regard to the following: strategic planning, program development, organizational structure and resource allocation associated with UW Medicine compliance efforts; the role of UW Medicine compliance programs; advocacy and support for compliance efforts; risk assessment; and analysis of urgent, emergent and on-going compliance issues. The current roster of UWMB CC members is provided in **Attachment A**.

Dr. Paul Ramsey, Chief Executive Officer, UW Medicine, Executive Vice President for Medical Affairs and Dean of the School of Medicine, University of Washington (CEO/EVPMA/Dean) has delegated additional specific responsibilities for **key senior leadership positions**. These responsibilities are reflected in the written job description for each position.

## C. Program Structure

Numerous compliance program structural changes have occurred over the years to enhance the collaboration between entities, clarify roles and responsibilities, establish accountabilities, and create effective communication channels. Since 2005, coordination of system-wide activities and initiatives has been provided by the Chief Compliance Officer, UW Medicine and Associate Vice President for Medical Affairs, University of Washington (CCO/AVPMA). The current organization chart presented in **Attachment B** reflects the following changes that occurred in 2010.

### 1. Organizational Changes in 2010

Practice Plans. Two separate compliance programs for the practice plans were established in 2009. In 2010, UWP and CUMG focused on efforts to ensure coordination of key policy issues. In order to ensure effective communication, each plan's compliance committee now includes the other plan's physician chair and compliance officer as members.

Health System. UW Medicine continued to consolidate compliance functions for the hospitals, UW Neighborhood Clinics, and Airlift Northwest. Oversight for all hospital and clinic compliance functions, the clinical research billing audit program, and UW Medicine privacy/identity theft prevention programs are centralized under the CCO/AVPMA. The CCO/AVPMA staff offices are housed in one location to improve efficiency and resource management. The centralized structure has resulted in numerous efficiencies and service improvements, particularly in the following areas:

- intake, triage, referral and tracking of inquiries and complaints
- education and outreach
- environmental scanning and response planning
- external review requests
- communication between executive leadership and compliance experts
- risk assessment
- reporting
- resource utilization and monitoring

In May, 2010, UW Medicine completed the first steps necessary to integrate Northwest Hospital's (NWH) compliance functions by bringing it under the University of Washington's covered entity status under the Health Insurance Portability and Accountability Act (HIPAA). Phase II of the integration process has begun, focusing on billing compliance, including auditing, monitoring, and reporting. The compliance officer, the chief executive officer, and the chief operating officer for NWH are all members of UW Medicine compliance committees and make quarterly reports to the UW Medicine Board Compliance Committee.

## 2. Compliance Resources

As noted in previous reports, UW Medicine devotes significant resources to both entity-wide and entity-specific compliance efforts. Total funding and FTEs have remained relatively stable since 2007. In 2010, the annual budget was \$6.6 million and there were 49 FTEs dedicated specifically to compliance functions.

These figures do not represent the full cost of time, effort, and systems devoted to compliance-related activities throughout the organization. For example, professional effort devoted to compliance by leadership and operational staff across UW Medicine is not included in the UW Medicine Compliance Program budget.

A new UWP Compliance Officer was appointed in February, 2010, after a national recruitment. At the time of this report, there are five vacancies in funded compliance positions across UW Medicine.

## 3. Channels of Communication

UW Medicine has established numerous communication channels (see *Attachment C*) to support compliance efforts within each entity and enhance the sharing of information between entities. These groups provide a venue for compliance officers and senior leaders to identify risks and mitigation strategies, respond proactively to emerging issues, report on the status of projects and initiatives, and strategize about key program priorities.

Workforce members must also have safe communication and reporting channels. Each UW Medicine entity provides a compliance helpline to answer compliance questions. In 2010, five hotlines previously operated by the hospitals and clinics were merged into a central hotline maintained by the CCO/AVPMA. This line provides for anonymous reporting of compliance concerns. In 2011, this hotline will be the focus of an active marketing campaign to include the hospitals and clinics, ALNW, UWP, NWH, and the School of Medicine.

### III. KEY COMPLIANCE AREAS

The key compliance focus areas identified for 2010 include the following:

*Clinical Billing (Facility & Professional Fee)*

*Clinical Research Billing*

*Information Security*

*Privacy*

*Stark/Anti Kickback*

*Conflicts of Interest*

Although these were not the only risk areas for UW Medicine, they were the focus of significant attention throughout the system, and within the communication venues described in Section IIC3 above. At each meeting of the UW Medicine Board Compliance Committee between December 2009, and December 2010 (see **Attachment D**), a content expert presented the following information on one of the focus areas:

- Relevant background (rules, agency involvement, general risks, consequences of noncompliance)
- Primary areas of scrutiny and recent developments, if any
- How the compliance issue affects UW Medicine
- Internal controls to reduce risk, focusing on the eight elements of an effective compliance program:

High Level of Involvement	Policy and Procedures
Education & Outreach	Auditing & Monitoring
Reporting Mechanisms/Complaint Process	Sanctions
Assessment	Reporting
- Special initiatives or planned program changes; individuals responsible for oversight, implementation and enforcement; relevant timelines or project milestones
- How and when the committee will be apprised of future developments regarding the issue

Focus area presentations are contained in the official committee records. The following section highlights major activities and developments that occurred in 2010.

#### A. Clinical Billing

***Internal Auditing and Monitoring.*** Following the restructure of UW Medicine Compliance in 2009, the newly formed Hospitals and Clinics Compliance unit began to merge previously separate hospital audit plans. Federal program activity and Office of Inspector General (OIG) Work Plan focus areas received the highest consideration in this process. The end result was a single statement of prioritized work, as well as a new policy that establishes UW Medicine-wide audit standards and methodologies. The Compliance Officers Group continues work on a policy to formalize timeframe expectations for audits and related investigative work leading to federal payor repayments. These efforts will facilitate system-wide consistency, reducing the potential for confusion and risk.

***External Reviews.*** UW Medicine has always been subject to external billing reviews (e.g., Medicare contractor audits and comprehensive error rate testing). In 2010, the Center for Medicare and Medicaid Services (CMS) initiated the Medicare Recovery Audit Contractor (RAC) program in Washington State. RAC is one of the latest federal and state programs established to identify billing errors and abusive or fraudulent billing practices. The RAC external audit program expanded to include Medicaid billing in January, 2011.

In 2010, external reviews were conducted on 315 claims (UWP, NWHMC, UWMC, HMC, ALNW, and CUMG) representing approximately \$461,000 in reimbursement. The audits resulted in the repayment of 233 claims and approximately \$185,000 in repayments. UW Medicine successfully disputed 28 claims totalling approximately \$110,000. The remainder of claims are still in dispute. In addition, 15 claims totalling approximately \$150,000 were underpayments to UW Medicine. UW Medicine has not missed a response deadline, a testament to the extensive planning efforts and efficient execution by the response teams.

UW Medicine implemented new software to assist with the external review process in 2010. It provides the ability to record and monitor the status of claims and enables proactive data-mining on UW Medicine claims so that areas targeted for review by external regulators can be identified and corrected in advance. It also captures the work effort involved in response to external reviews and produces summary reports for resource planning purposes.

In December, 2009, UWMC and HMC received notice of an OIG audit covering Medicare outpatient claims that met specific criteria (including the likelihood of billing errors) between January, 2006, and June, 2009. In spite of the extremely large number of claims submitted, UW Medicine had only seven claims selected. Three claims contained errors. The total repayment for these three claims was less than \$35,000, and they were determined to be isolated mistakes.

Noridian Administrative Services, the contractor for payment of Medicare claims, conducted several probe audits of billing for targeted hospital services during the year. UW Medicine hospitals were included in this activity, but because of high accuracy rates, Noridian closed each UW Medicine audit with no further action required. Noridian also conducted a UWMC review of the steps required by Medicare for "Medicare as Secondary Payer" screening; UWMC is completing process improvement work in response to the review.

UW Medicine leadership is kept informed about ongoing external review activities through a weekly summary report distributed by UW Medicine Compliance.

***Facility Billing.*** A new policy that establishes internal billing rules based on timely medical record documentation was approved in July, 2010, by the Executive Compliance Committee.

Noridian contacted HMC about a medical device coverage issue in 2010, which led to a series of process improvements for device billing across the system. HMC completed case-specific reviews and made repayments to Medicare for roughly \$1,000,000 and UWP repaid the surgeon's claims for the related cases.

A second facility billing focus in 2010 was hospital outpatient observation services. Due to complex and frequently changing billing rules for this service, it is a high risk area that has been the subject of ongoing training, auditing and claim correction activities.

Noridian provided valuable input to UW Medicine regarding its experience with higher risk billing areas based on the claims data it processes and interaction with providers within its jurisdiction. UW Medicine is using this information to prioritize both compliance and operational activities.

**Professional Fee Billing.** The five-year UWP and CUMG Corporate Integrity Agreement (CIA) with the Federal government came to a successful close in 2009<sup>5</sup>. While each of the practice plans has continued with elements of the compliance program structure required under the CIA, the plans have also adopted additional program features, or modified the structure established under the CIA, reflecting the increased flexibility to maintain a program better designed to address risk. Program efforts included the following:

- CUMG updated 15 policies and created one new policy, trained every CUMG practitioner (through on-line modules and 40 live training sessions); and trained 70 new CUMG members.
- CUMG performed 294 practitioner audits; led the response to external inquiries including a Medicaid Integrity Program review of 108 records; and conducted a review of 28 reported concerns.
- UWP conducted proactive risk assessments, and completed scheduled risk-based audits on 100% of the physicians identified for review (393 physicians). Sixteen physicians did not meet the standard and required second reviews. UWP conducted pre-billing reviews on all providers new to UWP (93 new providers) and all 42 UWP professional fee coders.
- UWP training activity was extensive; there was 100% completion of the mandatory training (including 1646 physician and non-physician members and 252 UWP administrative employees). UWP increased the number of online modules to 36, and developed new specialty-specific modules.

## B. Clinical Research Billing

UW Medicine has reported annually on the significant efforts it devotes to clinical research billing compliance, a nationally recognized focus area for academic health centers. UW Medicine's work in clinical research billing compliance serves as a model for peer institutions. Principal Investigators (PIs) and study staff on active clinical research studies are subject to clear policies and procedures, mandatory training, and on-going audits in order to assure compliance with the complicated rules.

As part of the new hospital billing system implemented in August, 2010, a training module was introduced to facilitate the clinical research charge capture process. The extensive planning and design effort resulted in a relatively simple process change for end users. The new module features greatly enhanced charge routing logic, minimizing the number of human decisions/actions required to produce accurate clinical research billing.

UWMC resolved an issue stemming from the process for billing federal grant budgets for clinical research services in 2010. Federal research rates are based on the hospital's cost report, which is filed each year but not finalized until after a lengthy review process by Medicare. Due to the lengthy review, provisional research rates are used until the cost report is finalized. Sometimes the final rates differ slightly from the provisional rates, due to changes made to the cost report by Medicare. NIH clarified that such differences require retrospective adjustments of charges made to the grants using provisional rates. UWMC made the required adjustments for the past five years and implemented an annual process to do so going forward.

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<sup>5</sup> UWP and CUMG were the subject of Federal criminal and civil investigations into allegations of fraudulent Medicare billing between 1999-2004. Launched by a "whistleblower" lawsuit filed under the False Claims Act, the criminal investigation concluded with guilty pleas by two nationally prominent UW Medicine physicians. The civil investigation culminated in a \$35 million settlement and the negotiated CIA.

The Clinical Research Billing Audit Program established in 2007 was designed to determine compliance with UW Medicine policies governing clinical research billing, and verify that clinical services provided to research subjects are correctly billed. Studies to be audited are selected according to pre-established risk criteria. To date, 111 audits have been completed. The key error rate, incorrect charges to patient accounts, remains low (3.18%). The audit results continue to highlight areas for process improvement. As a result of audit findings, the Clinical Research Budget and Billing Department now adds Research Care Plans to the electronic medical records of patients who are enrolled in research studies. This increases patient safety and reduces the need for research staff to perform this task throughout the course of the study.

### C. Information Security and Privacy

The UW Medicine Information Security Program (ISP) operates under the direction of the UW Medicine Information Security Officer, who reports to the UW Medicine Chief Information Officer. The UW Medicine Privacy and Identity Theft Prevention Programs (ITPP) operate under the direction of the Director of Privacy/ITPP Programs, who reports to the CCO/AVPMA. Both programs are responsible for developing and maintaining program-specific respective policies, providing related education and outreach, monitoring and auditing compliance with their respective policies, and reporting regularly to appropriate leadership groups. Privacy program staff are responsible for investigating all privacy, ITPP, and information security complaints.

In 2010, staff from both programs collaborated with the UW Chief Information Security Officer (CISO) and the UW Facility Security Officer to develop a policy and process for managing security incidents across the enterprise.

***Information Security.*** In 2010, a new top level committee (the Security Program Executive Committee [SPEC]) was established for oversight of the ISP.

The ISP framework was revised based on standards promulgated by the International Organization for Standardization (ISO), an international standard-setting organization. The framework includes three functions (Governance, Security Services and Implementation) which are used to determine security and compliance requirements, disseminate requirements to specific individuals, and monitor their progress in mitigating technology risks and complying with regulations. The Governance function has documented 99 security strategies in preparation for rewriting existing security policies to ensure that policies are relevant, achievable, focused on improvement, and align with the maturity level of the enterprise security control environment.

ISP staff served as a resource for institutional boards with responsibilities for project intake, architecture, identity and access management, and change control. The ISP also provided consultation to IT services, departmental project teams, and UW Medicine departments covering topics such as policy interpretation, control evaluation and remediation, process improvement, and risk analysis.

The UW Medicine ISP met regularly with the UW Office of the CISO, participated on the UW Privacy and System Security (PASS) Council, and collaborated on several important initiatives, including risk transfer language for 3rd party contracts, a new UW Information Security and Privacy Policy Framework, a new UW Information Security and Privacy Incident Management Policy and uniform

incident response procedures, a new UW Privacy policy, and quarterly CISO security risk assessments.

Security education and awareness activities were conducted for 122 System Owners, who received job-specific training, and 728 new hospital staff members, who received basic awareness training as part of new employee orientation. System Owner training is publicized and available to all components of UW Medicine. Security awareness training for new staff of other UW Medicine entities will be provided as the time slots become available.

The ISP provides a central infrastructure for firewall management and consults with System Owners to help ensure compliance with access control requirements. The Windows server firewall management system was upgraded in 2010; in 2011, the Windows workstation firewall management systems will be upgraded in order to make the System Owners more self-sufficient.

The ISP collaborated with the UW Medicine Privacy Program on incident response activities, completing more than twenty forensics investigations. Capacity was doubled with the addition of a staff member, and the infrastructure was expanded by adding licenses for EnCase Enterprise application. The ISP is staffed with 8 FTEs, 3 of which are or will be under recruitment, including the Information Security Officer position.

***Privacy/ Identity Theft Prevention Programs.*** These programs are supported by a mature policy framework. All workforce members receive mandatory orientation regarding privacy compliance, and workforce members who handle clinical information receive additional required job-related training. System-wide awareness emails are broadcast regularly to provide useful reminders and practical guidance about protecting patient privacy.

The American Recovery and Reinvestment Act (ARRA) of 2009 established new reporting requirements for privacy breaches, including an annual accounting to the Department of Health and Human Services, notification of local media for breaches involving more than 500 patients, and notification of patients under certain circumstances. The Privacy Program spent most of 2010 revising policies and implementing operational changes, and was prepared to meet the new requirements by the enforcement dates. The Privacy Program continues to monitor the regulatory environment for on-going developments in this area.

In July, 2009, the UW Board of Regents approved UW Medicine policies to implement the so-called Red Flag Rules that required financial institutions and creditors to develop and implement written identity theft prevention programs. The Federal Trade Commission delayed enforcement of the rules several times, and in late December, 2010, Congress passed the Red Flag Program Clarification Act which limits the definition of "creditor" to those who regularly obtain or use consumer reports, furnish information to consumer reporting agencies, or advance funds. UW Medicine will take this development under consideration, but is proceeding with implementation of a uniform system-wide process for verifying patient identity at all clinical visits.

Federal law requires every provider who does business electronically to use the same transactions, code sets, and identifiers. Last year we reported that CMS intended to upgrade the current electronic transaction formats by April, 2010. That timeline has been delayed until January, 2012. UW Medicine will also need to implement a new coding nomenclature system (ICD-10) by 2013.

The UW Medicine leadership team is monitoring developments, participating in the national dialogue, and has begun work to prepare for these changes.

During this reporting period, the privacy program completed its management response to audit findings issued by UW Internal Audit Office in late 2009. Northwest Hospital was added to the UW hybrid entity for HIPAA compliance, and is in the process of modifying its privacy policies to conform to UW Medicine standards.

In December, 2010, UW Medicine finalized a draft of guidelines and best practices to address the growing use of social media by faculty, staff and students. These guidelines will be published in 2011.

#### **D. Stark/Anti-Kickback**

The Stark Law prohibits a physician from referring Medicare/Medicaid patients for certain designated health services to an entity with which the physician (or immediate family member) has a financial relationship, unless a regulatory exception applies. The health care reform legislation imposed changes to the Stark laws, primarily in the area of physician-owned facilities and patient notification when certain imaging tests are provided in a clinic setting. On a positive note, the legislation directed the government to develop a voluntary reporting mechanism to include reduction on penalties if a Stark violation is self-reported. Compliance with Stark is being managed jointly by the School of Medicine, UWP, and the hospitals and clinics. Planned activities for 2011 include the following:

- Complete work project to have all faculty physicians sign standardized documentation identifying services provided and compensation or benefits received
- Continue efforts to systemitize physician services contracting process, including finalizing physician services contract manual and contract templates
- Continue to review any benefits the UW provides to non-faculty, community physicians for compliance.

The Anti-Kickback Statute (AKS) prohibits the knowing and willful payment or acceptance of any remuneration for referring an individual for an item or service covered by a federal health care program or for purchasing an item or service (or recommending for purchase) reimbursable under federal health care programs. Unlike Stark, the AKS applies not only to physicians, but also to non-physicians and entities. The federal health care reform legislation included a change that reversed federal caselaw, lowering the threshold for a violation. Under the new definition of "intent", a violation may be established even if the individual has no actual knowledge of the AKS statute or a specific intent to violate the AKS. Additionally, AKS violations are now automatically considered false claims under the False Claims Act.

In 2010, guidance and standard processes were developed to address the potential AKS risk in connection with vendor support of educational activities. Planned risk mitigation activities for 2011 include the following:

- Continue to review and develop policies and procedures on disclosure of conflicts in connection with drug and device purchases
- Continue to develop and refine guidance regarding vendor support of educational and research activities



## E. Conflict of Interest

Conflicts of interest (COI) are governed by a significant number of regulations and policies, including but not limited to the following:

- State Ethics in Public Service Act and University Policy on Employee Conflict of Interest
- University Outside Professional Work Policy
- University Significant Financial Interest Disclosure Policy (GIM 10)
- UW Medicine Ghost Authorship Policy
- Entity level policies on specific conflict issues such as Vendors in Clinical Areas and Drug and Device Purchasing
- UWP Conflict of Interest Policy
- CUMG Conflict of Interest Policy

In 2010, the National Institutes of Health proposed significant changes to the rules regarding the disclosure of financial interests in research. The proposed changes, if adopted, would expand the definition of significant financial interest, shift the burden of determining whether a conflict exists from the researcher to the University, and require reporting research conflicts on a public University website. Last year also was the first year of implementation of the new UW Medicine COI policy. The purpose of the policy is to ensure that SOM faculty avoid, or disclose and address, perceived or real conflicts of interest between their responsibilities as faculty and their outside activities while encouraging appropriate relationships between faculty and industry to the extent they further the mission of UW Medicine. The policy addresses such issues as consulting, service on boards and advisory panels, and other outside work; speeches, meetings, and travel funded by outside entities; gifts; food and beverages; teaching activities; and outside support for educational events.

Key provisions of the policy include the requirement to disclose in advance the amount of compensation to be received for outside work. In 2010, 350 faculty submitted almost 900 requests for outside work including serving on scientific advisory boards, and as consultants, speakers, instructors, and editors. In addition, the SOM and the hospitals developed working procedures to address a variety of issues related to industry support of educational events.

## IV. SUMMARY

Compliance staffing and budget levels remained steady in 2010. UW Medicine continued refining its organizational structure to provide maximum utilization of resources and effective oversight of system-wide compliance efforts. During this period, a shared clinical billing audit plan and standard audit methodology was implemented. Numerous compliance lines were consolidated, and a central anonymous hotline was established. The integration of Northwest Hospital's (NWH) compliance functions began by including NWH officials in key compliance and leadership groups, and bringing NWH under the UW covered entity for HIPAA. Phase II of the NWH compliance integration process is underway, focusing on billing auditing, monitoring, and reporting.

Senior leaders and operational units were engaged throughout the year in risk identification and mitigation, problem solving, and the implementation of internal controls. Program staff continued to engage in proactive efforts to address regulatory developments, effectively planning and preparing for new external clinical billing reviews, new reporting and response requirements for privacy breaches, and changes to rules governing physician referrals, vendor relationships and disclosure of financial interests in research.

UW Medicine is seen as a leader among its peers in addressing issues such as conflict of interest and clinical research billing. The research billing audit program established in 2007 continued to be highly successful in identifying and resolving billing errors. Although the three-year error rate is low, the program has been invaluable in informing process improvement projects and identifying the educational needs of researchers.

The outlook for 2011 includes the likelihood of increased external billing reviews, heightened scrutiny of internal controls for privacy protection and information security, and continued national attention on conflicts of interest.

Attachment A

**UW MEDICINE BOARD COMPLIANCE COMMITTEE: FISCAL YEAR 2011 ROSTER**

Voting Members

**Rich Jones - Board Member**

- o President and CEO of the Washington Society of Certified Public Accountants
- o Member of the Board of the Fred Hutchinson Cancer Research Center and Chair of the Board of SCCA
- o Past officer and member of the Board of the Pacific Science Center
- o Retired Partner of Ernst & Young LLP

**Shan Mullin, Board Member and Board Chair**

- o Former chair of the Fred Hutchinson Cancer Research Center and the SCCA boards, chair of the Norman Archibald Charitable Foundation board
- o Board member of the Greater Seattle Chamber of Commerce; and Board member/Secretary of the SCCA
- o Partner in the Seattle office of Perkins Coie law firm; Distinguished Alumni Award from the UW Law School 2004

**Julie Nordstrom – Board Member**

- o UW alumnus and former board member of Seattle Children's Home and Childhaven; volunteer at Seattle Children's
- o Former associate, Stafford, Frey, Cooper and Stewart, and law clerk for Justice James Dolliver of the Washington Supreme Court

**Bruce Pym - Community Member**

- o President and CEO of Elliott Cove Capital Management
- o Former President of the King County Bar Association, Board Chair of the King County United Way, member of the Board for the Seattle Repertory Theatre and the Board of Trustees, UW Law School Foundation, and Board Chair of the 5th Avenue Theatre Association
- o Long-time member of the Fred Hutchinson Cancer Research Center Board, member of the Hutch board committee charged with oversight of the conflict of interest litigation, and first chair of the Patient Protection Oversight Committee
- o UW alumnus

**Odell Guyton - Community Member**

- o Compliance Director for Microsoft; former Assistant U. S. Attorney; former Corporate Compliance Officer, University of Pennsylvania
- o Volunteer advisor for the UC System Regents and the Audit Committee on Compliance matters
- o Former member of the Board of Trustees, Moravian College

**Dan Dubitzky - Community Member**

- o Lead counsel for the UW in its response to the now-completed Medicare fraud investigation
- o Former board member of the Northwest Defender Association and the Tom Wales Foundation, previous Chair of the Criminal Law Committee of the Federal Bar Association, and a lawyer's representative from the Federal Bar Association to the Ninth Circuit Judicial Conference.
- o While in private practice, represented several Fortune 500 companies and corporate officers with clients from health care, fisheries, aerospace, architecture and timber

Non-Voting Members

**UW Medicine**

Paul Ramsey, MD – Dean (SOM), CEO, (UW Med), EVPMA (UW)  
Johnese Spisso - CHSO (UW Med), VPMA (UW)  
Ruth Mahan – CBO (UW Med) VPMA (UW)  
Sue Clausen - CCO/CPO (UW Med), AVPMA (UW)  
Lori Oliver – Director of Legal & Business Matters (UW Med), AVPMA (UW)  
Lori Mitchell – HSFOO (UW Med)  
Lisa Westlund - Compliance Officer, UW Med Hospitals and Clinics  
Richard Meeks - Director, UW Med Privacy/ID Theft Prevention

**School of Medicine**

Mark Green – Associate Dean for Business, SOM  
Vacant - Compliance Director, SOM

**Attorney General's Office**

Dina Yunker - Assistant Attorney General (UW)

**Practice Plans**

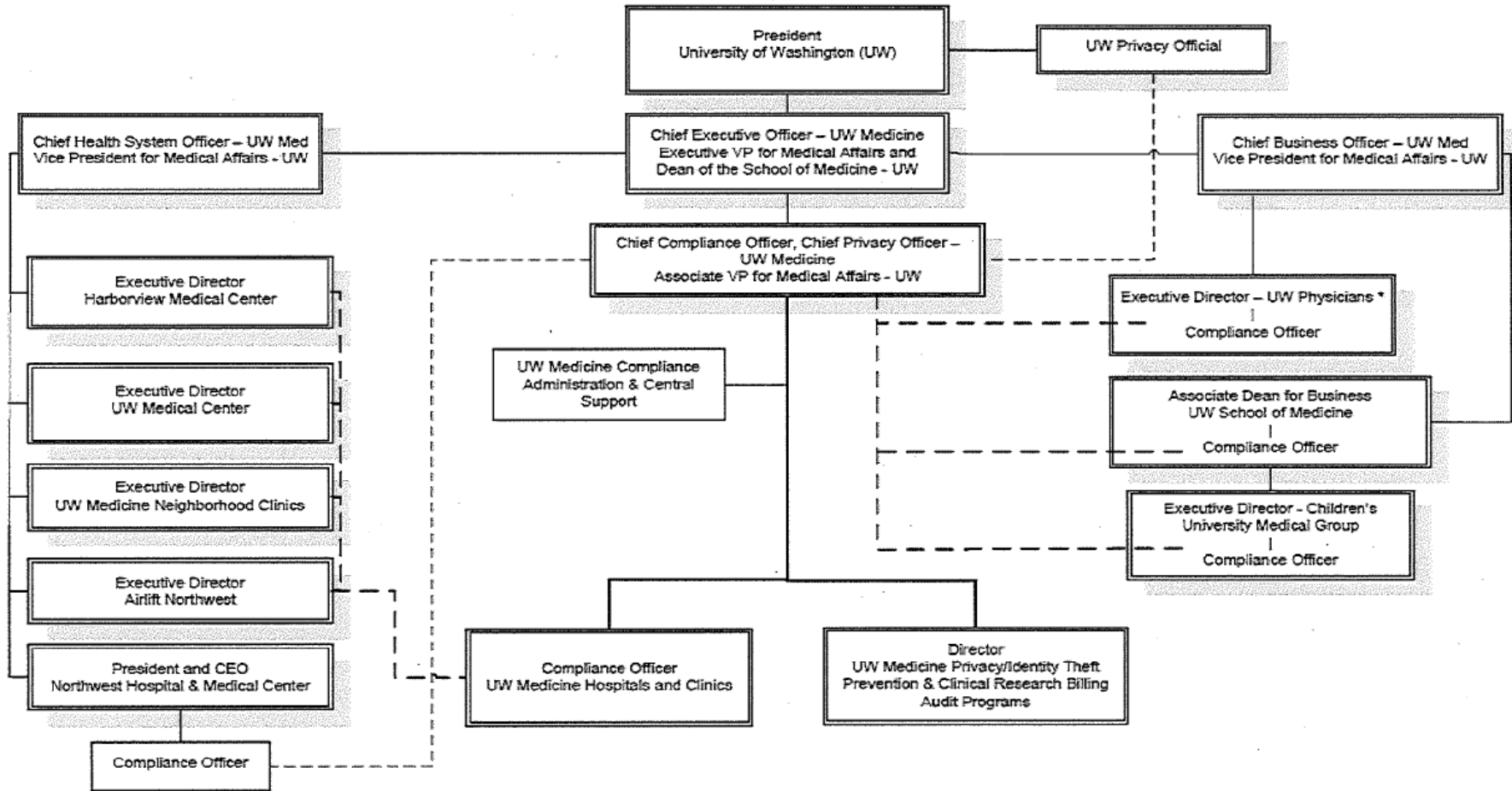
Dr. Mika Sinanan - President, UWP  
Catherine Boelke - Executive Director, UWP  
Carlos Cruz – Compliance Officer, UWP  
Dr. Mark Del Beccaro – Chair, Physician Billing, Education & Billing Compliance Committee, CUMG  
Rick Nielsen - Executive Director, CUMG  
Sheryl Forrester - Compliance Officer, CUMG  
Margaret Peyton - General Counsel, UWP/CUMG

**Hospitals/Clinics**

Eileen Whalen - Executive Director, HMC  
Stephen Zieniewicz - Executive Director, UWMC  
Meg Kerrigan - Executive Director, UW Medicine Neighborhood Clinics  
Bill Schneider, CEO, Northwest Hospital & Medical Center  
Cynthia Coronel – Compliance Officer, Northwest Hospital & Medical Center  
Christine Martin – Executive Director, Airlift Northwest  
Phuong Dao - Integrity Officer, SCCA

# Attachment B

## UW Medicine Compliance Organization Chart



\*Dual reporting relationship to UWP President

Approved Paul G. Ramsey Date: 1/23/11  
 Paul G. Ramsey, M.D.  
 CEO, UW Medicine  
 Executive Vice President for Medical Affairs and  
 Dean of the School of Medicine, University of Washington

## ATTACHMENT C

### Channels of Communication for UW Medicine Compliance Issues

Committee/Chair	Committee Role	Membership
UW Medicine Board Compliance Committee, chaired by Rich Jones (UW Medicine Board member)	This committee has a wide scope of advisory responsibilities including strategic planning, advocacy and support for compliance efforts, and assessment of progress on major compliance matters. The group meets approximately 8 times/year, receives quarterly reports regarding entity-specific program activities, and is briefed at each meeting about urgent, emergent and on-going issues. Minutes of each meeting are provided to the UW Medicine Board.	Voting members include community members, the UW Medicine Board Chair, and Paul Ramsey (CEO, UW Medicine). Non-voting members include senior executive leaders and entity compliance officers. See Attachment A for the full roster.
UWP Business Excellence Committee, chaired by Bruce Sangeorson, MD  CUMG Physician Billing & Education Compliance Committee, chaired by Mark DelBeccaro, MD	These committees provide a venue for engaging administrative, clinical and operational leaders in the planning, problem-solving, and risk assessment activities associated with key compliance initiatives.  The committees work closely with compliance and operations staffs to assess risk, establish compliance standards, monitor program effectiveness, implement effective educational and outreach activities, and endorse policies and standards.	Members include executive leaders, physicians, clinical department representatives, legal counsel, training and operational staff, the practice plan compliance officers, the SOM compliance director, and the CCO/AVPMA.
Hospital and Clinic System Executive Compliance Committee	This committee is convened by the Chief Health System Officer/VPMA, and serves as a forum for engaging key executives from the health system compliance planning, policy approval, problem-solving, and risk assessment activities. The group works closely with UW Medicine Compliance to evaluate urgent and emergent issues, monitor progress toward resolution of compliance issues, and establish strategies for communicating and enforcing expectations to staff.	Members include the COO/AVPMA; executive directors and senior officers from the hospitals, clinics and ALNW; administrative directors from key operational units; the UW Med hospitals/clinics CO; the Privacy/ITPP Director; and a representative from the AGO.
Compliance Officers Group, chaired by Sue Clausen, CCO/AVPMA	This group provides a forum for engaging entity compliance officers in the identification of and response to regulatory developments, assessment of risks, and development of mitigation strategies. Subgroups provide a venue for working collaboratively on mutual concerns, establishing system-wide standards, and coordinating the handling of urgent/emergent issues that involve multiple entities.	Members include the UW Med compliance officers and directors, and compliance representatives from ITHS, Pharmacy, Laboratory, Patient Financial Services, and information security; compliance representatives from the School of Dentistry, UW information security, health sciences, risk management, environmental health and safety, animal and human research protection programs, research compliance; and compliance officers from affiliates, including Seattle Children's Hospital, Fred Hutch.
UW Medicine Operations and Finance Committee, chaired by Paul Ramsey, CEO/EVPMA/Dean	This committee provides a venue for engaging senior leaders in the evaluation of, and response to UW Medicine-wide compliance issues.	Members include the CCO/AVPMA, VPs for Medical Affairs, Vice Dean for Clinical Affairs, UWP President, Executive Directors (UWMC, HMC, UWNC, UWP), Chief Financial Officers, SOM Director of Business Affairs, AVP for Community Relations.
Executive Clinical Leadership, chaired by Johnese Spisso, CHSO/VPMA	This group provides clinical operations leadership for UW Medicine System, develops/implements strategic operating & financial plans, addresses related issues (e.g., access management, coordination of care, process improvement, HR, regulatory affairs, recruitment/retention needs, space planning, IT)	Members include the Executive Leadership Team from UW Medicine Clinical Health System entities (HMC, UWMC, NWH, UW Neighborhood Clinics, UWP, and ALNW).
Security Program Executive Committee (SPEC), chaired by Johnese Spisso, CHSO/VPMA	SPEC provides executive direction for the UW Med Info Security Program, reviews and endorses security policies, strategic plans, annual budget requests and risk assessments.	Members include UW Med Director of Security & Networking, CCO/AVPMA, CIO, SOM Vice Dean for Admin/Fin, Director of Health Science Risk Mgmt, UWP President, Executive Directors (UWMC, HMC, UWNC), UW CISO, Asst VP for Med Ctr. HR

## ATTACHMENT D

### UW MEDICINE BOARD COMPLIANCE COMMITTEE - SCHEDULE 2010

Meeting Date	Focus Areas/Special Briefings	Focus Area Presenter(s)	Reports
December 7, 2009 9:30-11:30 am	<ul style="list-style-type: none"> <li>• Focus Area – Information Security</li> <li>• Annual Compliance Report Draft</li> </ul>	Johnese Spisso  Sue Clausen	Briefings
January 11 9:30-11:30 am	Focus Area - Clinical Billing Compliance Program <ul style="list-style-type: none"> <li>• OIG Workplan</li> <li>• RAC Update</li> <li>• Clinical Research Billing Audit Results</li> </ul>	Lisa Westlund	Briefings OIG Workplan
February 22 9:30-11:30 am	Focus Area – Privacy <ul style="list-style-type: none"> <li>• Clinical Research Billing Audit</li> <li>• RAC Activity</li> <li>• Executive Compliance Committee</li> <li>• OIG Outliers</li> </ul>	Sue Clausen/Richard Meeks	Briefings Distribute FY 10 Qtr 2 reports
March	No meeting		
April 5 9:30-11:30 am	Focus Area – Clinical Research Billing <ul style="list-style-type: none"> <li>• External Review Activity</li> </ul>	Bruce Ferguson/Richard Meeks	Briefings
May	No meeting		Distribute FY 10 Qtr 3 reports
June 21 9:30-11:30 am	Focus Area – Stark/Anti-Kickback Statute <ul style="list-style-type: none"> <li>• External Review Activity</li> <li>• UWP Training Report</li> </ul>	Mark Green	Briefings
July	No meeting		
August	No meeting		Distribute FY 10 Qtr 4 reports
September 13 9:30-11:30 am	Focus Area – Conflict of Interest <ul style="list-style-type: none"> <li>• OCR Requests</li> <li>• External Review Update</li> </ul>	Mark Green	Briefings
October 18	No meeting		
November 1 9:30-11:30 am	Focus Area - Research Compliance <ul style="list-style-type: none"> <li>• Office for Civil Rights Cases: Update</li> <li>• External Review Update</li> </ul>	Stephanie Steppe	<ul style="list-style-type: none"> <li>○ Briefings</li> <li>○ Preview Annual Compliance Report Draft</li> </ul>
December	No meeting		Distribute FY 11 Qtr 1 reports

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

*in Joint Session with*

B. Finance, Audit and Facilities Committee

Update on State Budget Outlook

There will be an oral report for information only.