

MINUTES
Board of Regents
January 21, 2022

The Board of Regents of Washington State University (WSU or University) met pursuant to call in Open Meeting at 8:00 a.m. on Friday, January 21, 2022. Due to Governor Jay Inslee's Proclamation 20-28, dated March 24, 2020, and to reduce risks related to the COVID 19 pandemic, the meeting was conducted using phone and video technology.

Present: Marty Dickinson, Chair; Regents Brett Blankenship, Enrique Cerna, Lura Powell, Jenette Ramos, Heather Redman, Lisa Schauer, John Schoettler, Ron Sims, and Shain Wright; Faculty Representative Dave Turnbull and President Kirk H. Schulz.

I. OPENING

A. Report from the Chair of the Board of Regents. Chair Dickinson called the meeting to order and welcomed audience members. She reminded the audience that the Regents and presenters would be participating in the meeting by phone and video.

Chair Dickinson further reminded the audience that there would be a public comment period during the meeting to be held at the conclusion of the Board's regular business and stated the period would last for up to 10 minutes. She noted that each speaker would be allowed two minutes and preference would be given to speakers who were speaking to matters that are or will be before the Board.

B. Report from the President of the University. President Schulz welcomed the audience and provided the following updates:

Enrollment – President Schulz reported enrollment management continues to be a challenge for many public universities around the country. As a system, WSU is down approximately 1000 students from this time last year. President Schulz said the university budgets are based on enrollment calculations, and looking at early numbers for the fall of 2022, WSU expects to see a slight increase in enrollment. He said WSU's in-person experience will be critical to its success in landing a robust fall class.

OneWSU – President Schulz reported Provost Elizabeth Chilton formally assumed the responsibilities of Chancellor of the WSU Pullman campus on January 1, 2022. He said Chancellor Chilton and her team hit the ground running, and he was very pleased to have her as a part of his leadership team. President Schulz said leadership continues to work with the Office of Research, Student Affairs, Intercollegiate Athletics, and International Programs to transition those reporting structures by July 1, 2022. He reported that each area has a transition team. He and Chancellor Chilton will continue to work with the teams to define roles and responsibilities at a system level and those that should be localized to the Pullman campus. President Schulz asked for continued understanding and flexibility from faculty, staff, and students as WSU works to refine OneWSU internally and externally.

Budget – President Schulz reported on the outstanding work Provost and Chancellor Elizabeth Chilton and Vice President for Finance and Administration, CFO Stacy Pearson have

done in developing a new budget model for WSU. He said it is the first new comprehensive budget model the University has developed in at least 30 years and will allow the University to track resources more efficiently and with transparency.

Campaign – President Schulz reported WSU is in the first six months of its third comprehensive campaign. WSU has a very aggressive overall tentative goal and has had the best six months since 2014 with \$72.9 million raised. President Schulz said it has been a team effort and he wanted to continue to emphasize Athletics has continued to do a great job with fundraising, as has the College of Engineering. He said he expects to have a very solid year with the campaign.

COVID-19 – President Schulz reported WSU continues to work with area healthcare providers to monitor COVID transmissions. Like other places around the country, WSU is experiencing a slight spike in cases but remains committed to providing its faculty, staff, and students with a safe in-person experience.

C. Report from the WSU Everett Chancellor. Chancellor Paul Pitre thanked the Regent for asking WSU Everett to host the January meeting and provided the following updates:

New and Revitalized Academic Programs – Chancellor Pitre reported positive interest in the new Bachelors in Business Administration and the revamped Data Analytics programs on the Everett campus. He further reported that campus leadership continues to direct strategic thinking around a School of Community Solution. A forward-focused school housing four interdisciplinary majors aligned with high-growth employment sectors with an eye toward revamping key professions into models of fairness and inclusion. 1) Crime and Justice, 2) Mental Health and Social Well-Being, 3) Community Solutions, and 4) Business and Entrepreneurship.

Pudget Sound Taxpayer Accountability Act (PSTAA) – Chancellor Pitre reported the funding generated by the PSTAA could be a game-changer for the WSU Everett campus and allow access to far more students.

Student Career Placement – Chancellor Pitre reported WSU Everett's industry-aligned academic programs are succeeding at launching careers at Microsoft, ElectroImpact, Amazon, Janicki, and other technology, aerospace, and manufacturing companies. He said when prospective students see that 80% of WSU Everett graduates are working in their chosen field, it can generate significant interest.

Enrollment update – Chancellor Pitre reported as of January 13, WSU Everett had 199 enrolled students with additional students waiting for holds to clear in order to register. He further reported WSU Everett had a 24% growth in applications for Spring Semester 2022 compared to Spring Semester 2021. Chancellor Pitre said WSU Everett is currently down in Fall applications by 5% from last year but noted the most significant push for applications tends to be during Spring Quarter (March/April/May).

Chancellor Pitre finished his report and introduced WSU Everett Engineering Club members who presented the past fall's Rocket Team project.

II. CONSENT AGENDA.

Chair Dickinson reported there were two items on the Consent Agenda.

- A) Approval of Minutes – November 19, 2021 Board of Regents Meeting
- B) Discontinue the Bachelor of Arts in Interior Design at WSU Spokane

Chair Dickinson asked if any Regent wished to remove an item on the Consent Agenda to be considered separately. Hearing no requests, it was moved and seconded that the Consent Agenda be approved. Carried.

III. REPORTS FROM SHARED GOVERNANCE GROUPS. Representatives from each University Shared Governance Group—Foundation Board of Directors, Faculty Senate, WSU Everett Associated Students of Washington State University, Graduate and Professional Student Association, Administrative and Professional Advisory Council, and the Alumni Association—reviewed their reports as submitted. (*Exhibit A*)

IV. STRATEGIC AND OPERATIONAL EXCELLENCE COMMITTEE REPORT. Regent Schoettler reported the Committee heard presentations and held focused discussions on WSU's Tribal Consultation Policy presented by Executive Director of Tribal Relations and Special Assistant to the Provost Zoe Higheagle Strong, System-wide Efforts on Faculty Equity, Diversity, and Inclusion presented by Associate Vice President for Inclusive Excellence Lisa Guerrero and Special Assistant to the Provost for Inclusive Excellence Trymaine Gaither, Supporting Faculty and Reducing Inequities presented by Senior Vice Provost Laura Griner Hill, and WSU Marketing and Communications presented by Vice President for Marketing and Communications Phil Weiler. Regent Schoettler further reported the Committee heard an update on the WSU's Foundation Environmental, Social and Governance Investment Strategy presented by Vice President for University Advancement and WSU Foundation CEO Mike Connell and a Legislative Update presented by Vice President for External Affairs and Chief Legislative Officer Colleen Kerr. Regent Schoettler reported the Committee reviewed presentations on two Action Items and submitted the following for the Board's consideration.

Proposed Update to the WSU Foundation Consolidated Endowment Fund Investment Policy Statement and Spending Policy

It was moved and seconded that the Board of Regents approve the proposed update to the WSU Foundation Consolidated Endowment Fund Investment Policy Statement and Spending Policy as proposed. Carried. (*Exhibit B*)

Facility Name Recommendation – Athletic Indoor Practice Facility Naming

Chair Dickinson noted for the record that it was decided that this item would be presented as an Action Item rather than a Future Action Item, in accordance with the Board of Regents Bylaw II.12.B.

It was moved and seconded that the Board of Regents approve the recommendation to name the new WSU Athletics Indoor Practice Facility (IPF) as the Taylor Sports Complex as proposed. Carried. (*Exhibit C*)

VI. STUDENT AFFAIRS AND STUDENT LIFE COMMITTEE REPORT. Regent Cerna reported the Student Affairs and Student Life Committee reviewed and discussed a presentation on Student-Athlete Mental Health Services presented by the Director of Medical Services Dr. Sunday Henry and Dr. Jenny Kraska. Regent Cerna further reported the Committee reviewed and discussed Future Action Item – Proposed Changes to WAC 504-26-045 Evidence – Standards of Conduct for Student presented by Interim Vice President for Student Affairs Ellen Taylor.

V. RESEARCH AND ACADEMIC AFFAIRS COMMITTEE REPORT. Regent Powell reported the Research and Academic Affairs Committee reviewed and discussed a Future Action Item – Discontinue the Bachelor of Arts in Interior Design at WSU Spokane presented by Provost and Pullman Chancellor Elizabeth Chilton. After Committee discussion, it was decided to move this item to the Friday, January 21, 2022 Board of Regent consent agenda for immediate Board consideration. Regent Powell also reported the Committee reviewed and discussed presentations on a WSU Dual Credit Program presented by Global Campus Chancellor Dave Cillay, Items approved by the President under delegated authority, and an Office of Research update presented by Vice President for Research Chris Keane and Deputy Vice President for Research Dan Nordquist.

VIII. FINANCE AND COMPLIANCE COMMITTEE REPORT. Regent Schauer reported the Finance and Compliance Committee heard and discussed presentations on an Athletic Budget Update presented by Vice President for Finance and Administration and CFO Stacy Pearson, WSU Budget Model Project Update presented by Vice President Pearson and Provost and Pullman Chancellor Elizabeth Chilton, 2010B Housing and Dining Revenue Bonds Rate Covenant presented by Vice President Pearson and Associate Vice President for Finance Matt Skinner and Academic Year 2022-2023 Tuition Rates presented by Vice President Pearson. Regent Schauer further reported reviewed and discussed two Action Items and submitted the following for the Board's consideration:

WSU Vancouver, Life Sciences Building – Request for Increase in Project Budget

It was moved and seconded that the Board of Regents adopt Resolution #220121-649 and approve an increase of \$2.7M in the project budget for the WSU Vancouver, Life Sciences Building and further delegate authority to the President or his designee to enter into any and all contracts necessary to complete the project within the budgeted amount of \$59.8M as proposed. Carried. (*Exhibit D*)

WSU System Parking Rates and Fines

It was moved and seconded that the Board of Regents adopt Resolution #220121-650 and delegate authority to the President or designee to approve increases in parking rates and fines for all WSU campuses for each of one or more fiscal years up to certain limits as proposed. Carried. (*Exhibit E*)

X. OTHER BUSINESS. Chair Dickinson reported the Regents met in Executive Session on January 20, 2022, with legal counsel to discuss pending or potential litigation involving the University and the performance of a public employee. Chair Dickinson reported the Board would not be taking any action related to those discussions.

XI. PUBLIC COMMENT PERIOD.

XII. ADJOURNMENT. The meeting adjourned at 10:30 a.m.

Approved by the Board of Regents at its meeting held March 11, 2022.

SIGNED COPIES AVAILABLE IN THE PRESIDENT'S OFFICE



WASHINGTON STATE UNIVERSITY
FOUNDATION

January 21, 2022

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU Foundation Regents Report

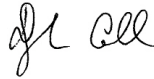
SUBMITTED BY: Mike Connell, Vice President of WSU Advancement &
CEO, Washington State University Foundation

The Washington State University Foundation is pleased to report the following:

- As of December 31, 2021, generous alumni, friends, and corporate partners have made \$72,886,266 in total philanthropic commitments to the WSU Foundation during Fiscal Year 2022 (July 1, 2021—June 30, 2022) for the benefit of WSU campuses, colleges and programs. This represents a 30.4 percent increase over the same period one year ago.
- Of that total, outright gifts and new pledges university wide for FY2022-to-date topped \$44,294,189—an increase of 63.6 percent over the same period one year ago.
- This represents the strongest philanthropic activity over the first half of a fiscal year since the final year of *The Campaign for Washington State University: Because the World Needs Big Ideas* in FY2015.
- The WSU Foundation's endowment value continued to grow through the first five months of FY2022 to \$675.8 million as of November 30, 2021, representing a 12-month return of 20.2 percent.
- WSU Advancement has begun its strategic planning process to create a ten-year road map for WSU Advancement, which will include fundraising, engagement, and operational excellence pillars supported by measurable goals and tactics. This new roadmap, which we aim to be delivered by June 30, 2022, will define WSU Advancement and will move the organization to new levels of success in providing philanthropic support to and meaningful engagement across the WSU System. The Advancement Strategic Plan will be aligned with WSU's System Strategic Plan, which was approved by the Board of Regents in June 2020.
- The next meeting of the WSU Foundation Board of Directors will be February 16-18, 2022, in Scottsdale, Arizona. The WSU Foundation will host its Spring Meeting and Recognition Gala will be April 21-22, 2022, in Seattle, Washington.

January 21, 2021

TO: All members of the Board of Regents
SUBJECT: Faculty Senate Report
SUBMITTED BY: Douglas Call, Chair
PRESENTED BY: Douglas Call, Chair



The 2022 Faculty Senate is pleased to report the following:

1. During the December 9th meeting, the Faculty Senate approved a proposal to revise Academic Policy 38b during the 2021-2022 academic year. The proposed revision, which came from the Provost's Office and was reviewed in depth by the Academic Affairs Committee, was motivated by evidence that a number of Freshman students might have performed poorly during the fall semester owing to pandemic-related issues.

Regulation 38b states that "First-time, first-year undergraduate students are recessed from the University after their first term of enrollment if their semester grade point average is below 1.0. Individuals are recessed from the university for one full semester (Fall or Spring)." This policy serves as a useful time out for students who might need to sort out issues before continuing to move forward with their educational careers. In the context of the pandemic, however, it automatically locks at-risk students out of WSU after their first semester and cuts off access to critical academic and student support programs at times when they are needed most.

The approved proposal suspends the process of automatically recessing students who fall below a 1.0 first semester GPA. In lieu of recession, the Provost's Office will field a team of individuals from academic and student affairs offices to establish a high-touch approach to help retain these first-year students by helping them move past the barriers that are impeding their academic progress. This is essentially a full-court press to help these students succeed with their academic careers. The Faculty Senate urged the Provost's Office to carefully track the successes and failures of this effort, so we are better positioned to understand what may or may not work in the future.

2. On December 9th, Provost Elizabeth Chilton and Vice President for Finance and Administration, Stacy Pearson, presented a report from the Executive Budget Council. The presentation focused on the types of system-level budget models that have been evaluated and the rationale for focusing on a customized responsibility-centered management model. As this work continues in the spring semester, both the Provost and VP will return with a

second report for the Faculty Senate on March 3rd, and other meetings may be arranged for more in-depth discussions.

3. The Faculty Executive Committee met with President Schulz and Provost Chilton on December 14th to discuss several topics including the potential that some units are relying excessively on perennial one-year employment contracts for career-track faculty, concerns about administrative overhead, and follow up discussions about the report from the Executive Budget Committee. As always, these discussions are focused on identifying supporting data and solving problems with strong follow-up from the administrative staff in both the President's and Provost's offices.
4. Thanks to the efforts by Faculty Senate Chair Elect Christine Horne, Faculty Senate Executive Secretary Matt Hudelson, and Principal Assistant Anna Schilter, we are implementing a new system for soliciting and staffing Faculty Senate committees this spring. The goal is to provide a transparent mechanism that allows for the widest possible representation and participation across the WSU system. This replaces the traditional mostly *ad hoc* model that necessarily limited participation to network contacts.



DATE: January 6, 2022

TO ALL MEMEBERS OF THE BOARD OF REGENTS

SUBJECT: ASWSU Everett Report

SUBMITTED BY: Patrick Freiling, ASWSU Everett President

Greetings, Board of Regents members! I am very excited to share a report of ASWSU Everett with all of you. In this report, I will be discussing some of ASWSU Everett's proudest accomplishments, as well as some challenges that ASWSU Everett has encountered over the last semester.

ACCOMPLISHMENTS:

The Director of Legislative Affairs for WSU Everett has been accepted to work in Olympia as a Washington State Legislative Intern. This will be an excellent opportunity for her to demonstrate her skills as a leader, and everyone at WSU Everett is very proud of her achievement.

ASWSU Everett offers a program wherein students can acquire an ORCA card bus pass at no expense. This greatly assists students who typically arrive to campus each day via public transportation, of which there is quite a large population, since WSU Everett is a commuter campus. This program has been very popular this last semester as students have returned to campus after a long pause due to COVID-19 lockdown.

CHALLENGES:

Almost all students would like to see improvements in the state of student life at WSU Everett. Because of the limitations imposed by the size of the campus, there are no dedicated rooms or facilities for students to comfortably study or relax. Procurement of nearby land is something that has been discussed in the past as a solution to this issue, and it is actively being sought by administrators.

There is currently only one academic advisor that works at WSU Everett; however, there are many different programs being offered. This means that the majority of students at WSU Everett must contact advisors from other WSU campuses remotely in order to receive academic advising. Furthermore, the process of hiring new academic advisors is extremely cumbersome, as administrators in Pullman handle this on Everett's behalf.

ASWSU Everett would like to thank all members of the Board of Regents for supporting WSU Everett as it grows. With your assistance, we hope that we our challenges can be overcome!

Date: January 14, 2022

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: GPSA Report

SUBMITTED BY: Reanne Chilton, GPSA President

On behalf of GPSA, I would like to thank the Board of Regents for your continued support of WSU graduate and professional students. It is with great pleasure that I report the following:


Support & Representation: This semester has been an adjustment for all of us, but many students are eager for opportunities to connect with each other and engage in ways that have been more challenging the last two years. The GPSA has worked hard to get creative with our funding allocations in order to support our students in new and beneficial ways. We've continued to expand our presence across university and community groups, to make sure students voices are heard and concerns being addressed.

Key Efforts:

- Programming: We are finding that now, more than ever, students are in need of social connections. GPSA has focused this semester on trying to offer a mixture of in-person and virtual social programming events. The GPSA Programming Committee hosted 7 events in the fall with dozens of students participating and are planning another 5 events this spring including a new book club!
- Professional Development Initiative (PDI): The PDI had another outstanding year even in the new virtual world. This program put on 17 total events for this semester with over 200 people attending. Some key workshops included: "Women Don't Ask: Negotiation and the Gender Divide; alumni panel discussions on: academic careers, corporate careers, and diverse career paths; a teaching workshop entitled, "You're a Teaching Assistant: Congratulations! Now what?"; "How to Write Proposals that get Funded and Papers that get Cited"; and many more.
- RSO Funding: All students are currently struggling to find engagement opportunities during this isolation experience. GPSA has provided over \$24,000 this semester to helping fund 17 graduate student organizations which are aiming to improve the student experience.
- Dissertation Grants: Our Dissertations grants have continued to grow this year. We have received 15 applications this semester and have awarded over \$5,000 to help graduate students in their final year finish up their research. Already, we have received very positive feedback on this resource as many students struggle with last minute costs which may hinder their ability to graduate.
- Awards and Scholarships: There are so many students deserving of recognition and awards and it is our pleasure to be able to highlight students who exemplify the best of the Cougar community. Applications are open now for our GPSA Excellence awards in which we will recognize students nominated for their exemplary teaching, research, leadership, and service. Additionally, our GPSA Research Exposition is scheduled for this Spring, where students compete to be awarded for their research poster presentation.
- Travel Grants: A key part of the graduate student experience is attending conferences in order to present research, network, and receive feedback. Not only have we been able to return to offering travel grants for in-person travel, we retained our expanded program to help provide funds to graduate students who may no longer be able to travel but have opportunities for professional and academic development in other areas. This includes virtual conference registration, online certification programs, second-language programs, and many more, with GPSA already funding over \$15000 this semester to our students.



January 21, 2021

To: All members of the Board of Regents
Subject: Administrative Professional Advisory Council Report
Submitted by: Anna McLeod, APAC Chair
Presented by: Anna McLeod, APAC Chair 

The Administrative Professional Advisory Council is pleased to report the following:

1. Opportunity and Growth

The APAC focus for the remainder of the academic year will be resilience centered. We look forward to bringing our WSU community together to share ideas and strategies to support each other during this time of opportunity.

2. AP Survey Results and Data Request

The executive summary of the APAC Strategic Planning Survey is pending release. The survey's purpose was to inform APAC of how the council can support AP's across the system. A summary along with the strategic plan and action steps will be shared in mid-late January.

3. APAC Meeting Structure

Moving forward for the remainder of the academic year, APAC meetings will be shortened in length and include a variety of delivery modalities to increase constituent accessibility and engagement.

January 21, 2022

TO: ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU Alumni Association Progress Report

SUBMITTED BY: Shelly Spangler, WSUAA President 2021-2022

Title IX at 50

On March 4, 2022, the WSUAA will host the second annual Women's Leadership Summit. The virtual event will focus on the 50th anniversary of Title IX, which prohibits sex-based discrimination in any federally funded education program. The summit will explore *How Far We've Come: A Reflection on the Impact of Title IX*. WSU First Lady Dr. Noel Schulz will join attorney and WSUAA Past President Jane Yung, legendary WSU women's basketball coach Dr. Sue Durrant, and other inspiring alumnae, faculty, and student panelists who will share their Title IX experience. Attendees will participate in a Q&A session with Dr. Schulz and the panelists.

15 Years of Causing Wine Club Envy

The Wine-By-Cougars Wine Club just celebrated its 15th year. Between 2006 and 2021, the official wine club for Cougs featured over 150 Cougar-connected wineries and has more than 725 members across the United States. WBC celebrates the impact WSU and WSU alumni have on the wine industry. The renowned Cougar Collectors' Series is another creative program of the WSUAA and a WBC sibling. We are pleased to announce that Basalt Cellars will create Cougar IX, the next installment in the series. Basalt Cellars, founded by Cougs Rick Wasem and Lynn DeVleming, produces bright, exceptional wines, so you can expect Cougar IX to wow Cougar Nation. The Cougar Collectors' Series generates funds to support WSUAA initiatives and Viticulture & Enology and Wine Business Management scholarships for deserving WSU students. WBC is also excited about its "Women in Wine" March shipment. March 4 is the WSUAA's Women's Leadership Summit, March 8 is International Women's Day, and March 28 is National Women in Wine Day. WBC is taking the opportunity to showcase wines from four outstanding WSU alumnae who are reshaping the wine industry. WBC is honored to support and promote their extraordinary work. Cheers to that!

Amazing What 18 Years of Hard Work Can Do

Speaking of cheers, please raise a (metaphorical) glass to Tim Pavish. He is retiring at the end of February 2022 after 18 years at the helm of the WSUAA. Under his direction, the WSUAA's accomplishments are nothing short of amazing. Tim's innovative and forward-looking leadership fueled the Association's many achievements. The WSUAA more than tripled the number of members (from 13,000 to over 43,000), increased alumni-engagement programming by 6X, doubled the number of Cougar plates on the road, the WSUAA was cited as the single largest source of new donors to the last campaign, launched myriad ground-breaking programs, awarded an impressive number of student scholarships, and achieved 18 years of balanced budgets and clean audits. Of course, Tim credits the WSUAA staff for the many astounding feats. Together, they firmly positioned the WSUAA as one of the university's most innovative, cost-effective, and productive units. The WSUAA that Cougs know and love today was built, in large part, under Tim's leadership. And yet, his extraordinary list of achievements says nothing of the hundreds of volunteers he has inspired, the staff he led, the academic units he supported, and the lives of countless Cougs that he touched during his time as executive director of the WSUAA. In addition to his WSUAA duties, Tim was tapped by WSU several times over the past 18 years to use his marketing experience to lead efforts for University Relations, WSU Foundation, and Athletics. Tim has always put WSU first. He truly personifies the WSU spirit and what it means to be a Cougar. Tim will be actively engaged in the transition and then continue his involvement with WSU as a volunteer, donor, fan, and proud alumnus.

ACTION #1

Proposed Update to the WSU Foundation Consolidated Endowment Fund Investment Policy Statement and Spending Policy (Don Shearer)

January 21, 2022

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Proposed update to the WSU Foundation Consolidated Endowment Fund Investment Policy Statement and Spending Policy

PROPOSED: That the Board of Regents approve the proposed update to the WSU Foundation Consolidated Endowment Fund Investment Policy Statement and Spending Policy as adopted by the WSU Foundation Board of Directors on October 21, 2021 (Resolution 10-21-2021-03).

SUBMITTED BY: Mike Connell, Acting Vice President of WSU Advancement; CEO WSU Foundation

SUPPORTING INFORMATION: The Investment Committee of the Washington State University Foundation is charged with the responsibility for investment management of property and assets held for investment by the WSU Foundation, planned gift assets held in trust or agreement by WSU Foundation, and Washington State University assets entrusted to the WSU Foundation for investment management by agreement with the University. The Agreement between WSU and the WSU Foundation requires the WSU Foundation to invest and distribute funds held on behalf of the University in accordance with the governing gift instrument and the then applicable WSU Foundation Consolidated Endowment Fund Investment Policy Statement and Spending Policy ("Investment Policy Statement").

The Investment Policy Statement addresses composition, appointment, duties, and reporting of the Investment Committee, investment objectives, asset allocation, and spending policy for endowed funds. The Agreement between WSU and the WSU Foundation requires all proposed changes to the Investment Policy Statement be presented to and approved by the governing boards of the WSU Foundation and University prior to becoming effective.

Revisions were made to the Investment Policy Statement to update fiduciary language associated with the governance restructure of the

WSU Foundation boards; updates to WSU and WSU Foundation staff titles; clarification of committee name(s); and general grammatical and/or formatting changes. The following sections include such revisions:

- Purpose and Background
- Composition/Appointment/Reporting
- 2.1.1 Directors WSU Foundation
- 2.1.2 Regents WSU
- 2.2.1 Duties
- 2.3 Chair of the Committee
- 2.4 WSU Foundation CFO

The WSU Foundation Board of Directors adopted Resolution 10-21-2021-03, approving the Investment Policy Statement and Spending Policy, subject to approval of the Washington State University Board of Regents.

ATTACHMENTS: Attachment A: WSU Foundation Investment Committee Charter
Investment Policy Statement and Spending Policy – Redline Copy
Investment Policy Statement and Spending Policy – Clean Copy

**WASHINGTON STATE UNIVERSITY
FOUNDATION
INVESTMENT COMMITTEE**

Last Revision Date: October 21, 2021

PURPOSE:

The Investment Committee, a standing committee established under the Restated Bylaws of the WSU Foundation, shall have the limited authority to act on behalf of the Board of Directors in the investment and management of all property and assets held for investment by the WSU Foundation, planned gift assets held in trust or agreement by the WSU Foundation, and those University assets entrusted to the WSU Foundation for investment management under contract (collectively, “Institutional Funds”). The Investment Committee shall prepare, oversee and maintain investment policies and asset allocation strategies for investing capital of, or managed by, the WSU Foundation, along with a consistent monitoring of investment performance and investment management.

ESTABLISHMENT:

The WSU Foundation exists for the sole and exclusive benefit of the University and under agreement with the University the WSU Foundation shall:

“Accept, hold, administer, invest, and disburse funds of any kind or character, as from time to time may be given to it, in accordance with the terms of such gift, and distribute all unrestricted gift funds to the University, and distribute the spending rate from endowed funds in accordance with the then applicable Washington State University Foundation Consolidated Endowment Fund-Investment Policy Statement.”

The Board of Directors of the WSU Foundation delegates management and investment of its Institutional Funds, pursuant to RCW 24.55.035, to the Investment Committee. The Amended and Restated Bylaws of the WSU Foundation establishes the Investment Committee in stating the following:

“The Investment Committee shall be responsible for investments, reinvestments, and general management of all property and assets held for investment by the WSU Foundation, planned gift assets held in trust or agreement by the WSU Foundation, and those University assets entrusted to the WSU Foundation for investment management under contract with the University. The Investment Committee shall develop investment policies and asset allocation strategies to be presented to the Board of Directors for approval, for investing capital of the WSU Foundation, along with a consistent monitoring of investment performance and investment management. Investment policy and guidelines, as well as performance against benchmarks shall be reported, at least quarterly, to the Board of Directors, and the Board of Regents of the University and University administration.”

COMPOSITION:

1. The Committee shall be comprised of at least seven (7) but not more than eleven (11) appointed members (voting) and select ex-officio members (non-voting). Ex-officio (non-voting) member positions are designated by the Board of Directors, but shall include at least one University representative, the WSU Foundation Chief Executive Officer, the WSU Foundation Chief Foundation Officer, one Audit Committee Member, and the Board Treasurer.
2. The Regents shall appoint two (2) voting members, one of whom must be a member of the Regents, the other a Regent or a volunteer with investment expertise and experience, selected upon consultation with the Committee, subject to notice to the Board of Directors. These members serve a one-year (1-year) renewable term upon appointment by the Regents.
3. Other voting members shall be appointed by the Chair/President of the Board of Directors and are selected from Board members or volunteers with investment expertise and experience upon consultation with the Committee, and subject to notice to the Regents. These members serve a four-year (4-year) term, renewable upon appointment by the Chair/President of the Board of Directors.

COMMITTEE CHAIR:

The Chair/President of the WSU Foundation shall appoint the Investment Committee Chair, in consultation with the CEO of the WSU Foundation, and subject to approval of the Board of Directors or the Executive Committee and subject to notice to the Board of Regents.

1. The Committee Chair will be a member of the Board of Directors and serve on the Executive Committee.
2. The Committee Chair will provide leadership for and preside at the meetings of the Investment Committee.
3. The Committee Chair will appoint a Vice-Chair who also serves on the Board of Directors to preside over meetings in the Chair's absence.
4. The Committee Chair may invite other appropriate Foundation and University financial management staff and other outside advisors to participate in an Investment Committee meeting.

STAFF:

1. Staff support for the Investment Committee shall be provided by or through the Chief Executive Office of the WSU Foundation or their designee.
2. Meeting materials may be compiled by staff of the WSU Foundation and delivered in a complete and timely manner to the Committee at the direction of the Committee Chair.

QUORUM/VOTING:

1. The presence of a simple majority of the voting members of the Investment Committee shall constitute a quorum for the purpose of transacting committee business. Any action that may be taken by the Committee at a meeting may be taken without a meeting if all of the voting members consent thereto in writing prior to the action being taken.
2. In all voting matters, motions will be passed by a simple majority of the voting members in attendance and constituting a quorum.
3. For voting members who cannot attend meetings in person, they may attend by remote communications as long as all voting members participating in the meeting can hear each other at the same time. Participation by such means constitutes presence in person. A member may not vote by proxy.

MEETINGS:

1. The Investment Committee shall meet at least four (4) times a year, once each calendar quarter.
2. Other meetings may be called by the Committee Chair, as needed, to fully carry out the purposes of the Investment Committee.
3. The minutes of all meetings of the Investment Committee, and all actions taken therein, shall be available for inspection at the registered office of the WSU Foundation for all members of the Board of Directors, following any Investment Committee Meeting and reported to the Board of Directors at its next regularly scheduled meeting.

EXECUTIVE SESSION:

Executive session dedicated for voting members only will be part of each meeting. The President of WSU, CEO of WSU Foundation, and other staff, consultants or advisors at discretion of Committee Chair, may be invited to participate in the executive session. Otherwise, the executive session will be for voting members only.

CONSULTANTS:

1. The Investment Committee will select qualified external investment managers to manage the Institutional Funds; provided, however, any change in management of planned gift investments shall be in consultation with the CEO of the WSU Foundation and gift planning team representatives.
2. The Investment Committee will establish and regularly review manager structure guidelines for the Institutional Funds.
3. The Investment Committee will select other service providers it deems appropriate to carry out its function, including, but not limited to, independent investment consultants.
4. The Investment Committee may communicate directly with the investment managers and investment consultants, at its discretion.

RESPONSIBILITIES:

Investment Management and Investment Policy Oversight:

1. The Investment Committee is delegated authority to act on behalf of the Board of Directors in the investment and management of Institutional Funds on behalf of the WSU Foundation.
2. The Investment Committee will develop objectives, policies and guidelines for the investment of Institutional Funds for presentment to the governing boards of the WSU Foundation and University for approval.
3. The Investment Committee will develop and maintain an investment policy statement that establishes the role of the Investment Committee, identifies responsibilities, addresses investment objectives, asset allocation, spending policies, rebalancing, cash flow management, manager performance standards, manager evaluation processes, communications and reporting.
4. The Investment Committee will evaluate policy compliance, review progress in achieving the goals and assess the effectiveness of the investment program on a quarterly basis. The Investment Committee will periodically review and evaluate ongoing understanding and relevance of investment policies of commingled funds and the components of the Institutional Funds.
5. The Investment Committee will take appropriate action if objectives are not being met or if policy and guidelines are not being followed.
6. The Investment Committee will establish and periodically review the Institutional Funds asset allocation and, in concert with the Finance Committee, will set the current spending policy for endowment funds.

Reporting:

1. The Committee Chair will report on Committee activities and actions, to include Institutional Funds' performances, to the Board of Directors at its next regularly scheduled meeting.
2. The Committee will forward a report at the end of each quarter to the WSU Board of Regents and the WSU Foundation Board of Directors which will include portfolio activity, value, endowment performance vs. benchmarks, and asset allocation (target and actual).

Risk Management:

1. The Investment Committee will exercise reasonable care and prudence in complying with applicable state and federal laws, regulations, and rulings that relate to the investment of assets under management of the WSU Foundation, including, but not limited to, the Uniform Prudent Management of Institutional Funds Act Chapter 24.55 RCW).
2. The Investment Committee will establish and comply with policies addressing issues that may result in perceived or actual conflicts of interest (including but not limited to relationships with investment managers or other firms involved with the Institutional Funds and receipt by committee members of gifts or entertainment.

3. The Investment Committee will keep the Audit Committee informed of any laws, regulations, rulings or investment decisions that might affect the annual audit of the WSU Foundation, and all matters involving a potential or actual conflict-of-interest.

Charter and Policy Review:

1. The Investment Committee will review the Investment Committee Charter annually and recommend revisions as necessary.
2. The Investment Committee will review the Investment Policy Statement annually and recommend revisions as necessary.

AUTHORITIES & LIMITATIONS:

10-01-2021: Resolution 10-21-2021-02 updates the committee charter.

10-01-2020: Resolution 10-01-20-5 updates the committee charter.

9-26-2013: Resolution 9-26-13-03 updates the committee charter.

10-20-2011: Resolution 10-20-11-03 updates the committee charter.

10-8-2004: Resolution 10-8-04-5 authorizes creation of the Investment Committee.

10-6-2004: Creation of an Investment Committee is contemplated by the Restated Bylaws of Washington State University Foundation (Bylaws effective 10/6/04).

Washington State University Foundation
Consolidated Endowment Fund

~~Charter &~~ Investment Policy Statement and Spending Policy

(Draft [11/1808/2021](#))

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1. Purpose and Background

PURPOSES/ROLE: The Investment Committee, a standing fiduciary committee established under the Restated Bylaws of the WSU Foundation, ~~shall be~~ responsible for investments, reinvestments, and general management of all gifted property and assets held for investment by of the WSU Foundation, planned gift assets held in trust or agreement by the WSU Foundation, and those University assets entrusted to the WSU Foundation for investment management under by contract with the University, ~~except planned gift assets under management and oversight of the WSU Foundation~~. This Investment Policy Statement and Spending Policy only applies to the endowed assets of the WSU Foundation and University, and not the planned gift assets of the WSU Foundation~~Gift Acceptance and Management Committee~~. The Investment Committee ~~shall develop~~ investment policies, to be presented to the Board of Directors for approval, for investing capital of the WSU Foundation, along with a consistent monitoring of investment performance and investment management, per its Investment Committee Charter, as amended from time to time. A copy of the Investment Committee Charter in effect on the date of this Investment Policy Statement and Spending Policy is attached as Appendix D.~~Investment policy and guidelines, as well as performance against benchmarks shall be reported, at least quarterly, to the Board of Directors, and the Board of Regents of the University and University administration.~~

BACKGROUND:

Washington State University Foundation (WSU Foundation) was established as a Washington nonprofit corporation in 1979. It is recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The WSU Foundation's mission is to promote, accept, and maximize private support for programs, initiatives, and properties of Washington State University (University), and prudently manage, invest, and steward the assets entrusted to it by the University and its alumni, friends, and donors. WSU Foundation is a separate and independent entity from the University and is neither a state agency or its functional equivalent.

The University has contracted with the WSU Foundation to be the sole entity for promoting, receiving, and managing all private gifts to the University as set forth in the Agreement between Washington State University and Washington State University Foundation ("Agreement")~~adopted by both parties on December 19, 2016~~. Pursuant to the Agreement, the WSU Foundation actively solicits alumni and friends of the University on behalf of the University. Some donor's gifts are intended to create endowments. These endowments may be titled in the name of the WSU Foundation or the University depending on the donor's intent.

The Washington State University Foundation Consolidated Endowed Fund Investment ~~Charter and~~ Policy Statement and Spending Policy applies to WSU Foundation assets held as endowments as well as University endowed assets entrusted to the WSU Foundation for investment management under the Agreement. These endowed assets are managed by the WSU Foundation as part of the Washington State University Foundation Consolidated Endowment Fund

(Fund). The Fund is an institutional fund (as that term is defined in RCW 24.55.010(4)). There are two components to the Fund, reflecting the sources of the Fund's corpus:

- a. WSU Foundation's endowed assets consists of permanent endowments, quasi-endowments and funds building to target (the endowment is funded over a period of time).
- b. University's endowed assets consists of permanent endowments, quasi-endowments and funds building to target (the endowment is funded over a period of time).

Distributions from the Fund are made quarterly in accordance with the spending policy, set out in Section 4.1.1 hereof and mutually agreed upon by the Directors and the Regents. Furthermore, the Committee shall report, at least annually, to the Directors, the Regents, and University administration the investment performance against benchmarks.

The WSU Foundation Board of Directors (Directors) are fiduciaries for the WSU Foundation's endowed assets. The Washington State University Board of Regents (Regents) are fiduciaries for the University's endowed assets. Pursuant to the Agreement, and subject to this policy, the Directors, the WSU Foundation, and the WSU Foundation Investment Committee (Committee), as appropriate, are responsible for the investment and management of the WSU Foundation's endowed assets and the University's endowed assets.

COMPOSITION/APPOINTMENT/~~TERMS~~REPORTING:

The Investment Committee is comprised of at least seven (7), but not more than eleven (11) appointed members (voting) and ~~between two (2) and four (4)~~select ex officio members (non-voting). The Regents appoint two (2) of these voting members, one ~~of whom must be~~ a member of the Regents, the other ~~who may be~~ a Regent or a volunteer with investment expertise and experience selected upon consultation with the Committee, subject to notice to the Directors. These members serve a one-year (1-year) renewable term upon appointment by the Regents. The other Committee members are appointed by the Chair/President of the Board of Directors and are selected from Board members or volunteers with investment expertise and experience upon consultation with the Committee, and subject to notice to the Regents. These members serve ~~two (2)~~a four (4-year) year term renewable upon appointment by the Chair/President of the Board of Directors~~renewable staggered terms for a maximum of two (2) terms~~. Ex officio (non-voting) seats are designated by the Directors pursuant to the Charter and shall always include at least one (1) University representative and one (1) Audit Committee Member. ~~The Committee Chair serves for one (1) two-year (2-year) term and is appointed by the Chair of the Board of Directors.~~ As of the date of the adoption of this Investment Policy, the Executive Director of Budget and Planning of the UniversityChief Financial Officer and Vice President for Finance and Administration (CFO/VPFA) of WSU, the CEO of the WSU Foundation, and the Chief Financial Officer ~~Snr. Associate Vice President of Finance, Operations and~~

~~Services~~ of the WSU Foundation or their designee are ex officio members of the Investment Committee. ~~The Chair can serve one additional two-year (2-year) term upon approval by the Chair of the Board of Directors. Members whose terms have expired, may serve until a successor is appointed.~~ The Committee Chair must be a Director. The Chief Financial Officer Snr. Associate Vice President of Finance, Operations and Services of the WSU Foundation or their designee serves as Secretary to the Committee. Investment policy and guidelines, as well as performance against benchmarks shall be reported by the Committee Chair, at least quarterly, to the Board of Directors, and the Board of Regents of the University and University administration.

MEETINGS: The Investment Committee ~~shall~~will meet at least four (4) times a year with ~~at least~~ two (2) of the meetings held at the WSU Foundation's Annual Fall Meeting or and Spring Meeting ~~Trustees' meetings, at which attendance in person by members is preferred.~~ Other meetings may be called by the Chair of the Committee, as needed, to conduct the business of the Investment Committee. For members who cannot attend meetings of the Investment Committee in person, they may attend by teleconference, videoconference or similar communications technology so long as all persons participating in the meeting can hear each other at the same time. Participation by such means constitutes presence in person at such meetings. The presence of a majority of the voting members of the Investment Committee shall constitute a quorum for the purpose of transacting business. The minutes of all meetings of the Investment Committee, and all actions taken therein, shall be available for inspection at the registered office of the WSU Foundation.

2. Allocation of Responsibilities

This section describes and delineates the responsibilities of the key parties to the Fund's investment process. The Directors and the Regents, as the governing boards for the WSU Foundation and the University, respectively, have a responsibility to set investment and spending policy with respect to the endowed assets of each entity in the Fund, and to review and approve any changes thereto. Management and investment of the Fund may be delegated to the extent that the WSU Foundation and/or the University may prudently delegate under the circumstances. In delegating, the Directors and the Regents shall act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

The responsibilities identified in this section and elsewhere in this policy delineate the scope of the respective delegations by the Directors and the Regents, and the authority retained.

2.1 Governing Boards – Board of Directors (WSUF) and Board of Regents (WSU)

2.1.1 Directors WSU Foundation

The Directors provide performance accountability, membership oversight, and governance evaluation for the Committee. The Directors' responsibilities are to:

- ~~a. Approve the Investment Committee Charter, annually.~~
- ~~a.b.~~ Approve the Investment Policy, and changes to the Investment Policy as it relates to the WSU Foundation endowed assets.
- ~~b.c.~~ Assess Fund performance against annual goals.
- ~~c.d.~~ Review and approve final Directors-appointed candidates for open positions on the Committee, as recommended by the Committee, including additional *ex officio* members, Committee Chair, and Committee Vice Chair.
- ~~d.e.~~ Annually review the operational performance of the Committee and its members.
- ~~e.f.~~ Review member de-selection recommendations as submitted by the Committee Chair, approve de-selection recommendations of Directors-appointed members, and forward de-selection recommendations of Regents-appointed members to Regents for approval. De-selection does not include normal end-of-term roll-off of members.
- ~~f.g.~~ Maintain "best in class" operations by periodically assessing Committee performance and evaluating changes in: the roles and responsibilities of Committee and staff; the structure and composition of the Committee; the characteristics and qualifications of Committee Chair and members; and the Committee support model.
- ~~g.h.~~ Address problems with Committee operations as they arise.
- ~~h.i.~~ ~~Approve~~Identify a group of higher education institutions where the WSU Foundation can benchmark its results with endowments similar in size.
- ~~i. Ensure compliance with the Investment Policy and all applicable laws, regulations, and rulings pertaining to the investment and management of the Fund.~~
- ~~j. Ensure selection of qualified external investment managers to invest Fund assets, and qualified consultants, bank custodians and other service providers necessary to carry out the duties under this Investment Policy.~~

2.1.2 Regents WSU

The Regents' responsibilities are to:

- a. Approve the Investment Policy and changes to the Investment Policy as it relates to University endowed assets.
- b. Review and approve Regents-appointed Committee members.

- c. Annually review the operational performance of the Fund and the actions of the WSU Foundation, its Directors, and ~~its~~the Investment Committee in their role as manager of University endowed assets in order to monitor performance and compliance with the scope of the delegation of management of University endowed assets.
- d. Review and approve de-selection recommendations from the Committee of Regents-appointed members. De-selection does not include normal end-of-term roll-off of members.

2.2 WSU Foundation Investment Committee

2.2.1 Duties

The Investment Committee is responsible for implementation of this Investment Policy, and for investing capital, monitoring and reviewing investment performance, establishing appropriate benchmarks, and investment management. It may delegate fulfillment of investment and administrative tasks to others. The Committee's responsibilities with respect to the Fund's assets include completing each of the duties below in a prudent manner:

- a. Exercise ordinary business care and prudence under the facts and circumstances prevailing in managing and investing the assets of the endowment. Specific factors guiding the Committee in managing and investing the assets are:
 - 1. General economic conditions;
 - 2. Effects of inflation and deflation;
 - 3. Expected tax consequences of investment decisions;
 - 4. Role of each investment in fund portfolio;
 - 5. Expected total return from income and growth of investments;
 - 6. Other University resources;
 - 7. Needs for the fund to make distributions and preserve capital;
 - 8. An assets special relationship or special value to the University's mission;
 - 9. To incur only costs that are appropriate and reasonable in relation to the Fund's assets;
 - 10. Make reasonable effort to verify facts relevant to the management and investment of the Fund; and
 - 11. Annually ~~(each December)~~ review Investment Policy Statement and Spending Policy.

- b. Act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in delegating management and investment of the Fund to an external agent in:
 - 1. Selecting the agent;
 - 2. Establishing the scope and terms of the delegation; and
 - 3. Reviewing and monitoring the agent's performance.
- c. Act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making decisions to appropriate for expenditure or accumulate Fund assets, taking into consideration:
 - 1. Duration and preservation of the endowment fund;
 - 2. Purposes of the University and the endowment fund;
 - 3. General economic conditions;
 - 4. Possible effect of inflation or deflation;
 - 5. The expected total return from income and the appreciation investments;
 - 6. Other resources of the University
 - 7. This Investment Policy.
- d. Comply with all applicable state and federal laws, regulations, and rulings that relate to the Fund's investment management process, ~~as provided by the Foundation.~~
- e. Recommend Investment Policy and Spending Policy changes to the Directors and the Regents.
- f. Operate within the allocation ranges of the Investment Policy.
- g. Establish and review objectives, asset allocation, and guidelines for the investment of the Funds' assets.
- h. Establish and comply with policies addressing issues that may result in perceived or actual conflicts of interest (including but not limited to relationships with investment managers or other firms doing business with the Fund and receipt of gifts or entertainment above a certain dollar value from firms doing business with the Fund) and other governance issues.
- i. Select qualified external investment managers to manage the Fund's assets.

- j. Select other service providers it deems appropriate to carry out its function, including, but not limited to, independent investment consultant(s).
- k. Meet quarterly to evaluate policy compliance, review progress in achieving the Fund's goals, and assess the effectiveness of the investment program.
- l. Evaluate the Fund's performance and the performance of the professionals hired to assist the Committee in managing the Fund's investment program.
- m. Communicate on a regular basis with the investment consultant.
- n. Periodically review and evaluate ongoing understanding and relevance of investment policies of commingled funds in which Fund assets are invested.
- o. Take appropriate action if objectives are not being met or if policy and guidelines are not being followed.
- p. Keep the Audit Committee informed of any laws, regulations, rulings or investment decisions that might affect the annual audit of the WSU Foundation.
- ~~p-q.~~ Keep the Finance Committee informed of any changes to the spending rate applicable to the endowed Fund.

2.3 Chair of the Committee

The Chair of the Investment Committee shall be a member of the Board of Directors. ~~The Chair shall serve a term of two (2) years. The Chair can serve one additional two-year term upon approval by the Chair of the Board of Directors.~~

The Chair is responsible for the following duties:

- a. Provide leadership in the conduct of Committee responsibilities and preside at Committee meetings.
- b. Report Committee activities and actions and Fund performance at meetings of the Directors and the Regents.
- c. Communicate on behalf of the Committee, as the Committee speaks with one voice through the Chair.
- d. Manage the Committee member performance review and de-selection process. Participate in new member orientation sessions.
- e. Collaborate with the WSU Foundation's CFO or their designee ~~Snr. Associate Vice President of Finance, Operations and Services~~ on developing meeting agendas and meeting locations.
- ~~f. Must be a member of the Board of Directors.~~

2.4 WSU Foundation CFO~~Snr. Associate Vice President of Finance, Operations and Services~~ or Secretary of the Committee

The ~~Snr. Associate Vice President of Finance, Operations and Services~~WSU Foundation CFO or their designee is responsible for the following duties:

- a. Assist the Committee in maintaining relevant policies and procedures.
- b. Coordinate contract reviews and execution.
- c. Day-to-day relationship management of investment program service providers.
- d. Act as liaison between the Committee and investment program service providers.
- e. Execute asset allocation and rebalance upon consultation with the investment consultant and Chair, as needed.
- f. Provide direction letters to the investment managers, bank custodian, and consultant.
- g. Determine liquidity needs and communicate same to appropriate service providers.
- h. Provide reports to internal and external constituencies as required.
- i. Develop meeting agendas and collaborate with Committee Chair and appropriate service providers, as needed.
- j. Provide orientation to new Committee members.

2.5 Custodian Bank

Fund assets will be held by an institution designated as the Custodian Bank who shall manage, control, and collect the assets of the Fund in accordance with the terms of a separate custodial agreement as well as the terms of this Investment Policy. The custodian bank for the Fund is responsible for:

- a. Fulfilling all the customary fiduciary duties of a custodian in accordance with applicable state and federal laws.
- b. Receiving all contributions and paying all disbursements and Fund expenses as directed by designated and authorized Staff.
- c. Safekeeping of assets, timely settlement of securities transactions, and the daily sweep of excess cash from manager accounts into suitable cash management vehicles.

- d. Accurate and timely reporting of the assets to Staff by individual manager account(s), investment pool, and total Fund.
- e. Coordinating asset transfers as requested by Staff.
- f. Meeting with Staff as requested.

2.6 Investment Managers

The manner in which the Funds' investment objectives are to be accomplished and the account ability of the investment managers in seeking to achieve the investment objectives shall be consistent with the fiduciary provisions of RCW 24.55 and the Prudent Management of Institutional Funds Act, and other pertinent state and federal laws, regulations, and rulings that relate to the investment process.

The investment managers are given full discretionary authority to accomplish specific investment objectives of the Fund, subject to the guidelines set forth in this Investment Policy. The investment managers are responsible for the following:

- a. Implementing investment strategy according to the style for which they were hired.
- b. Implementing security selection and timing decisions.
- c. Providing reports and data as requested by the Committee, Staff, bank custodian, and/or investment consultant.
- d. Meeting with the Committee and Staff as requested.
- e. Voting proxies.

Investments in pooled funds shall be subject to the Investment Policy guidelines established by the respective fund managers.

2.7 Investment Consultant

The Investment Consultant is responsible for the following:

- a. Assist the Committee and Staff in maintaining a relevant investment policy.
- b. Evaluate and report performance of Fund assets on a quarterly basis.
- c. Monitor and report any material changes in personnel, organization, or investment strategy of the Funds' investment managers.
- d. Proactively suggest improvements to the Funds' investment program.
- e. Identify appropriate investment manager candidates.
- f. Provide investment expertise and analyses, as needed by the Committee and Staff.

- g. Establish and regularly review manager structure guidelines for the Fund's components.
- h. Keep the Committee informed of current investment trends, issues, and material changes in the regulatory environment.
- i. Evaluate investment opportunities.
- j. Recommend asset allocation and manager allocation targets.
- k. Recommend asset manager finalists.
- l. Annually, provide results of selected benchmark schools for the Committee to track.

3. Investment Objectives

The investment objectives of the Fund reflect its long-term nature and intergenerational equity concerns. It is recognized that the desire to grow corpus and to produce a large, stable, and predictable payout stream involves trade-offs that must be balanced in establishing the investment and spending policies. Operating and philosophical considerations shape the Fund's objectives as outlined below:

- a. Produce a relatively predictable and stable payout stream each year.
- b. Maintain purchasing power of the assets over the investment horizon.
- c. Balance the support of present and future generations of students, faculty, facilities and programs.
- d. Include assets that provide inflation protection and assets that can drive long-term growth.

3.1 Total Fund Return Objectives

The Fund has multiple investment return objectives:

- a. The long-term total rate of return should equal or exceed the endowment spending rate (5.5% as of the date of adoption of this Investment Policy) plus the increase in the Consumer Price Index. It is recognized that in order to achieve this objective over extended periods, endowments have had to exceed the objective substantially during some periods, such as the 1980s, in order to compensate for shortfalls during other periods, such as the 1970s and 2000s.
- b. The Fund is expected to produce a rate of return that at least matches that of the benchmarks, which are set out in Appendix B. Investment policy and

benchmarks in Appendix B are subject to change with approval by the Directors upon consultation with the Committee, its Investment Consultant and Staff. Risk (as measured by standard deviation of quarterly returns) should not exceed that of the Policy Portfolio without a corresponding increase in performance above the Policy Portfolio.

3.2 Investment Strategy Objectives

Achieving these objectives requires a combination of investment strategies that are categorized by differences in their expected response to economic conditions, specifically price inflation or changes to interest rates, and weighted in the Fund by considering risk-adjusted returns and correlations. Broad categories considered in asset allocation are: domestic equities, international equities, alternative investments (private equity, private real assets, hedge funds, managed futures, commodities and derivative contracts), inflation hedge strategies, and fixed income.

The Directors and the Regents recognize that asset allocation decisions are the most important factors determining the long-term performance of the Fund, and the success of the investment management strategy. Asset allocation decisions shall be made by the Directors and the Committee as described herein. The Fund's allocation to equities and fixed income and alternative investments shall be approved by the Directors with input from the Committee, its Investment Consultant, and Staff based upon the current spending policy and estimates of the long-term investment performance likely to be achieved by the various asset classes and investment styles.

Appendix A sets out the current target and minimum and maximum investment by percentage for identified asset classes. Appendix A is subject to change with approval by the Directors upon consultation with the Committee, its Investment Consultant, and Staff. The Committee Chair shall inform the University of any changes to Appendix A within ten (10) days of approval of the change. Operating and philosophical considerations that shape the Fund's strategies are outlined below:

- a. Seek growth of assets by emphasizing equity investments with a mix of active and passive investment strategies, while avoiding excessive risk levels.
- b. Favor active investment strategies that offer the opportunity for the total portfolio to outperform in very poor markets and some opportunity for the total portfolio to participate in exceptionally strong markets.
- c. The acceptable risk profile for the Foundation should generally be to assume the lowest possible risk for the return goal desired. While negative returns in any single year may be unavoidable, over longer terms, asset allocations should be selected which are expected to achieve overall positive portfolio returns. In order to assess and monitor portfolio risk, the Investment Committee will review its asset allocation policy and asset allocation at least annually. Risk can be construed to include multiple different outcomes including loss of principal, failure to meet an expected return, or volatility of investment returns around an expected mean (standard deviation). The

Investment Committee's policy regarding investment risk, consistent with modern portfolio theory, is that risk cannot be eliminated but should be managed. Investment committee members, with the help of the External Investment Manager and investment managers, are responsible for understanding the risks inherent in various investment strategies, ensuring that they are properly compensated for these risks, and measuring and monitoring them. It should be considered in the hiring of new investment managers as well as in the continued monitoring of existing investment managers and the overall portfolio. Risk should also be considered in the selection of individual asset classes and the overall portfolio asset allocation. Most importantly, the level of overall portfolio risk taken should be consistent with the overall return objectives of the Foundation.

3.3 Domestic Equities

The purpose of holding domestic equity securities is to provide long-term capital growth through participation in the growth of the U.S. economy. The objective of the domestic equity portfolio is to earn, over the long term, an average annual total return, net of fees, that at least matches that of the Dow Jones U.S. Total Stock Market Index.

3.4 International Equities

The purpose of holding international equities is to expand the universe of capital growth opportunities and diversify economic risk. The objective of the international equity portfolio is to earn, over time, an average annual total return, net of fees, that at least matches that of the MSCI All Country World ex-U.S. Index.

3.5 Alternative Assets – Private Equity

The purpose of investing in private equity partnerships (including venture capital and leveraged buyout limited partnerships) is to expand the universe of capital growth opportunities, with the potential to enhance the return of the portfolio, by investing in the non-public sector of the equities market. The objective of the private equity portfolio is to earn, over the long term, an average annual total return, net of fees, that exceeds the Burgiss Global Private Equity Index or such other private equity benchmark, as might be appropriate.

3.6 Alternative Assets - Hedge Funds

The purpose of investing in hedge funds is to enhance diversification by providing returns that are not dependent on the direction of the stock market or interest rates and are less correlated with the U.S. equity and bond markets than conventional stock and bond managers. The objective of the hedge fund portfolio is to earn, over the long term, an average annual total return, net of fees, that exceeds Hedge Fund Research, Inc. Fund of Funds Composite Index.

3.7 Alternative Assets – Real Assets

The purpose of investing in real assets (including real estate and natural resource partnerships) is to provide attractive returns, visible current cash flows, portfolio diversification, and a hedge against unanticipated inflation. Real assets are expected to provide relative stability to the Fund during periods of public market turmoil and provide a measure of protection against inflation. The objective of the inflation hedge is to earn, over the long term, an average annual total return, net of fees, that exceeds a custom real assets benchmark (consisting of illiquid real estate, liquid and illiquid natural resources and TIPS).

3.8 Inflation Protected Fixed Income

The purpose of investing in inflation protected fixed income (TIPS) is to provide visible current cash flows, portfolio diversification, and a hedge against unanticipated inflation. TIPS are expected to provide relative stability to the Fund during periods of public market turmoil but tend to impose a drag on performance during bull markets. The objective of TIPS is to earn, over the long term, an average annual total return, net of fees, that at least matches that of the Bloomberg Barclays Capital U.S. TIPS Index

3.9 Fixed Income

The purposes of the fixed income investments are to provide some protection against financial disruptions and periods of deflation, to provide higher current income than equities to help meet the spending requirements, and to mitigate the volatility of the Fund. The objective of the fixed income portfolio is to earn, over the long term, an average annual total return net of fees that at least matches that of the Bloomberg Barclays Capital Aggregate Bond Index.

4. Policy Guidelines

4.1 Spending Policy/Rebalancing/Cash Flow Management

In rebalancing, investing, or withdrawing cash in accordance with these provisions, the percentages specified shall be determined with reference to the market values set forth in the most recent bank custodian balances when available and taking into account the cash to be invested or withdrawn.

4.2 Spending Policy

Funds flow from the Fund to the University for the purposes specified in the donor agreements and to the WSU Foundation for operating support. The Fund spending policy is intended to balance the competing goals of providing a stable payout stream each year with maintaining the purchasing power of the assets. The policy takes into consideration the following factors:

- Duration and preservation of the Fund;
- Purposes of the University and the Fund;

- Possible effect of inflation or deflation;
 - Expected return from income and appreciation of investments;
 - Other University resources; and
 - The Fund Investment Policy.
- a. Withdrawals shall be made from the Fund only pursuant to this spending policy and in consideration of the factors listed in Section 2.2 of this spending policy regarding appropriation of Fund assets for expenditure or accumulation of Fund assets.
 - b. The spending policy is for the Fund to distribute 5.5% per year. Individual accounts shall receive, 4% pursuant to the terms in the gift use agreement, with 1.5% for Management and Advancement fees, from all funds in the pool.
 - c. Distributions are computed quarterly based on the average market value for the thirty-six (36) months preceding and including the quarter ended prior to the distribution date, adjusted for new gifts on the first day of the distribution quarter, hereinafter referred to as the “distribution calculation.”
 - d. Distribution calculations shall begin when the fund reaches the established minimum endowment level or target balance specified in the gift instrument.
 - e. Distributions from the Fund will be computed quarterly based on the average market value for the thirty-six (36) months preceding and including the quarter ended prior to the distribution date. (For example, the September 30, 2009, distribution was based on monthly market values for the period July 31, 2006, through June 30, 2009).
 - f. No distributions will be made from an individual endowment fund to a program, until it has reached the established minimum endowment level or the target balance specified in the gift instrument and at least one (1) full quarter investment history after reaching that threshold balance.
 - g. Distribution of the 1.5% Management and Advancement fee for administration cost shall only be waived pursuant to the terms in the gift used agreement.
 - h. Fund distributions will include cash-basis expenses for scholarships, instructions, professorships, capital, operating, and administrative costs of the WSU Foundation and University. Investment-related expenses (e.g., investment manager and investment consultant fees, custody charges, etc.) will be charged against the Fund’s investment return, and are not considered a part of the 5.5% annual distribution.

- i. In addition to annual reviews, if the Fund's real return (nominal return minus CPI) falls below 5.5% over the previous three-year (3-year) rolling time period, the Investment Committee should review and make a recommendation to the Directors and Regents in the next reporting cycle for purposes of determining whether to revise the rate.
- j. Market downturns present a particular challenge in balancing the goals of a stable payout stream and maintaining purchasing power. In a market downturn, individual endowment funds may have a market value that is less than the corpus (principal) of the fund; such a fund is defined to be "underwater" for purposes of this policy. A distribution from an underwater fund results in a reduction of principal. The decision to distribute or not distribute from an underwater fund depends initially on the donor's expressed written instructions. If the donor specifies that the principal (corpus) may not be invaded, or places other restrictions on spending, then distributions from that fund shall be made in accordance with the donor's restrictions. For all other funds, distributions shall be made consistent with the prudence principles herein and as stated in RCW 24.55 (UPMIFA), with an emphasis on the duration of the fund. All determinations herein shall be made based on fund values on the end date of the distribution calculation period, e.g., the value of the given fund on the quarter ended prior to the distribution date.
- k. No Distribution shall be made to any individual endowment fund whose market value is 30% or more below contributions to the fund.

4.3 Rebalancing/Cash Flow Management

Rebalancing and cash flow management will be made in amounts and proportions intended to preserve the asset allocation targets set forth in [attached Appendix A, below](#).

Rebalancing will be undertaken when the allocations fall outside of the ranges specified in Appendix A. The Investment Consultant should recommend to the Staff, Chair of the Committee or Committee any portfolio changes, as appropriate. The staff will execute the rebalancing process through written instruction to the Fund's custodian and investment managers.

4.4 Usage of Derivatives

The Committee recognizes that investment managers have come to use various derivative instruments and that the prudent use of such instruments can be advantageous for controlling portfolio risk, increasing returns, implementing strategies quickly and reducing costs. Accordingly, the Committee permits the use of derivative securities only in a manner consistent with the overall investment objectives and policies described herein.

- 4.4.1** Derivatives may be used by the WSU Foundation's investment managers to hedge existing portfolio investments (e.g., to hedge the currency risk of a foreign stock or bond position) or to create un-leveraged investment

positions as a more efficient and cheaper alternative to investments that would otherwise be made in the cash market (e.g., purchasing Treasury bond futures contracts). Derivatives may not be used by marketable securities managers to leverage a portfolio or significantly increase its risk above that of an account with similar objectives that is managed without derivatives. Use of derivatives by a manager, other than as described in this paragraph, is permitted only if authorized by the Committee. This provision does not apply to investments with absolute return or hedge fund managers.

4.4.2 The Committee expects that its investment managers utilizing derivatives will have in place processes and procedures to control and measure risk.

4.5 Proxy Voting

The Committee acknowledges its responsibility for seeing that the proxy voting rights for securities held by the Fund are exercised in a prudent manner and in the best interests of the Fund beneficiaries. The Committee may delegate their proxy voting rights to the investment managers of the Fund, or to another qualified agent that acknowledges that it will function as a fiduciary with respect to exercising proxy voting rights. Any such third party shall provide a complete listing, no less frequently than annually, of the issues for which proxies were voted and how the votes were cast. Proxy voting responsibilities have been delegated by the Committee to the investment managers.

4.6 Securities Lending

The Committee may allow for the lending of Fund securities, to earn additional income for the Fund, pursuant to a securities lending policy that is consistent with the investment objectives of the Fund. The Committee may delegate securities lending activities (including the management of collateral received for the borrowed securities) to a qualified securities lending manager that acknowledges that it will function as a fiduciary with respect to the lending of Fund securities (and the management of collateral received) to the extent that the securities lending manager exercises discretionary authority under the securities lending agreement. Any such third party shall provide a complete accounting, no less frequently than annually, of the lending activities and income earned by the Fund.

4.7 Cougar Investment Fund

The Directors and Regents deemed it prudent to allocate a one-time amount of one million dollars (\$1,000,000) from the Fund to the Cougar Investment Fund (CIF). The CIF is managed by students as the central component of a special section of an approved professor of Investments and Portfolio Theory and Risk Management classes. The portfolio is subject to risk controls, oversight, and reporting guidelines specified in a separate Memorandum of Understanding. In addition to providing the Fund with organizational diversification within the large cap core U.S. equity portfolio, the CIF provides valuable experience to the students in applied securities analysis and portfolio management and enhances the University's ability to attract and retain quality, high-achieving students.

4.8 Conflicts of Interest

No Committee member should be placed in a conflict of interest position.

All persons responsible for investment decisions, including Committee members, or who are involved in the management of the WSU Foundation or who are consulting to, or providing any service whatsoever to the Committee, shall adhere to the WSU Foundation Conflicts of Interest Policy, attached ~~hereto for reference~~ as Appendix C. Updated policy attached.

This provision shall not preclude the payment of ordinary fees and expenses to the WSU Foundation's custodian(s), investment managers, or Investment Consultant in the course of their services on behalf of the WSU Foundation.

Further, this provision does not replace obligations under the Washington State Ethics Act, which applies to all state officers and state employees.

5. Monitoring of Objectives

5.1 The Committee will normally review the Fund's asset allocation, manager team, and performance at least quarterly in order to evaluate diversification and progress toward long-term objectives, and will direct ~~the CFO~~ ~~Snr. Associate Vice President of Finance, Operations and Services~~ of the WSU Foundation ~~or their designee~~ to make such review, or have such review made by a consultant with appropriate expertise, each quarter. While short-term results will be monitored, it is understood that the objectives for the Fund are long-term in nature and that progress toward these objectives will be evaluated from a long-term perspective (i.e., 20 years or longer).

5.2 Each manager's performance will be evaluated against an appropriate passive index and the median return of an appropriate universe of institutional quality managers or funds as determined by the Committee. The Committee will evaluate each manager periodically in order to establish that the factors that initially led to performance expectations remain in place and that each manager's philosophy is appropriate for the Fund's overall objectives.

5.3 At its sole discretion, the Committee may terminate any manager at any time if it determines for whatever reason that the manager is no longer appropriate for the Fund.

5.4 The Investment Consultant acting on behalf of the Committee shall provide each manager of a separately managed account with a set of mutually agreed-upon guidelines.

5.5 The Committee may invest in a commingled fund (e.g., a mutual fund or limited partnership agreement), provided that the policies of such fund are consistent with this Investment Policy. The Committee will periodically review the policies of any commingled fund investment in order to determine if they remain appropriate for the Fund.

5.6 The Committee shall have prepared and shall review, on a quarterly basis, an investment performance report setting forth the asset allocation of the Fund and the investment returns by asset class, manager, and for the total Fund. The returns shall be calculated on a time-weighted basis, net of manager fees, for the most recent quarter for which data are available and any other periods that the Committee may select and shall include fiscal-year returns when such data are available. The Committee will use the short-term performance data to monitor the Endowment Fund and the managers for consistency of investment philosophy, returns relative to performance benchmarks, and volatility of returns.

5.7 The Committee, through the Investment Consultant and Staff, shall have regular communication with the managers of actively managed accounts concerning investment strategy and outlook.

5.8 The Chair of the Committee shall notify the Chair of the Directors and the Chair of the Regents immediately upon becoming aware of the occurrence of any event that might preclude the Fund from achieving its long-term investment objective.

6. Communications and Reporting

6.1 Chair of the Committee

Annually, the Chair will:

- a. Distribute forms and compile performance reviews of Committee members;
- b. Summarize and report overall Committee performance to Directors and Regents with recommendations for changes in Committee membership (de-selection) as needed.
- c. Present a report to Directors and Regents summarizing the Fund's asset allocation as of the end of each fiscal year, performance for the fiscal year and other periods then ended, and any significant actions taken by the Committee during the fiscal year.
- d. Meet with Directors and Regents, or duly authorized subcommittees thereof, to review and discuss Fund performance, investment strategy and strategy changes, and Committee member performance. Additional meetings may be held as needed.

6.2 WSU Foundation Staff

Promptly after adoption or approval, Staff will:

- a. Provide copies of Committee meeting minutes to the members.
- b. Provide copies of recommended amendments, additions, or deletions to this Investment Policy [Statement and Spending Policy](#) to Directors and Regents.

6.3 Investment Managers

Immediately, each investment manager will report, in writing:

- a. Any and all material changes in the firm's ownership, management, investment personnel, and investment style and approach.
- b. Any occurrences of material litigation or regulatory investigation.

Quarterly, each investment manager will:

- a. Provide a report to the CFO of the WSU Foundation ~~Snr. Associate Vice President of Finance, Operations and Services~~ on Fund assets and performance. The report is to show a list of current holdings at cost and market, transactions occurring during the quarter, capital gains and losses, a summary of the investment performance of the account (on a time-weighted basis, both gross and net of fees) and the use of derivatives. Separate account managers will include a reconciliation of the Fund's custodian statements to the manager's records.

Annually, each *equity* investment manager will provide the Investment Consultant and CFO of the WSU Foundation ~~Snr. Associate Vice President of Finance, Operations and Services~~:

- a. A report on the various transaction charges incurred on behalf of the Fund. The report shall indicate the number of shares traded, brokerage firms used, total trading costs, and cost per share.
- b. Present a copy of proxy voting policies and report on the manner in which proxies were voted.

6.4 Investment Consultant

On a quarterly basis:

- a. Provide the Committee with performance reports detailing the performance of individual managers, asset classes, and the total Fund, including relevant performance standards and assessment of managers' continued appropriateness for inclusion in the Fund's investment program.

On an annual basis:

- b. Provide the Committee with any recommended changes needed to this Investment Policy.
- c. Participate in the Committee's annual planning process.
- d. Provide an appropriate peer group fee analysis.

7. Evaluation and Review

7.1 Evaluation

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards. Performance and investment policy compliance will be measured and evaluated no less than quarterly by the Committee and annually by the Directors and the Regents. Performance will be evaluated on a long-term basis, in light of the investment environment and investment style of each manager. Evaluation will take into consideration both rates of return and volatility of returns, as well as the consistency and discipline with which each manager or limited partnership applies its investment strategy.

This Investment Policy will be evaluated at least annually by the Committee, with input from the investment managers, Investment Consultant, and Staff, to ensure its continuing relevance. The Chair of the Committee, through coordination with Staff, will forward recommendations for change to this Investment Policy to the Directors and the Regents.

If at any time in review of this Investment Policy the Directors and the Regents elect to have differing investment or spending policies, each entity shall separately adopt a new policy and the Consolidated Endowment Fund shall be divided into two funds, one holding University endowed assets and another holding WSU Foundation endowed assets. Each entity will diligently pursue such division and ensure that it occurs in a timely, reasonable, and prudent manner. Upon completion of the division, each fund shall be managed in accordance with the new investment and spending policy for that fund by the entity (ties) so designated in the new policies.

Investment management fees will be compared to an appropriate universe, supplied by the investment consultant, on an annual basis.

~~7.2—Meetings~~

~~The Committee will meet at least quarterly, coinciding with the performance reporting cycle, which attendance in person by members is preferred. Other meetings may be called by the Chair of the Committee, as needed, to conduct the business of the Investment Committee. For members who cannot attend meetings of the Investment Committee in person, they may attend by teleconference, videoconference or similar communications technology so long as all persons participating in the meeting can hear each person at such meetings. The presence of a majority of the voting members of the Investment Committee shall constitute a quorum for the purpose of transacting business. The minutes of all meeting of the Investment Committee, and all action taken therein, shall be available for~~

~~inspection at the registered office of the WSU Foundation for all members of the Board of Directors, promptly following any Investment Committee meeting.~~

~~Additional meetings will be held as needed to accommodate special needs of the Committee or the WSU Foundation Board of Directors.~~

Each investment manager will meet at least annually with the Investment Consultant to review the investment performance of the Funds' assets allocated to that investment manager, discuss current and expected changes in investment strategy, discuss any changes in personnel and investment philosophy, and discuss the firm's business plan and any litigation or regulatory issues.

The Investment Consultant will meet with the Committee quarterly to review performance and discuss investment program issues.

The Investment Policy Statement and Spending Policy will be reviewed annually and updated as necessary by the Investment Committee.

7.3 Authorities & Limitations

~~11-18-18: Resolution AA-BB-CC-DD Updates the Committee Charter.~~

9-26-13: Resolution 9-26-13-03 Updates the Committee Charter.

10-20-11: Resolution 10-20-11-03 Updates the Committee Charter.

10-08-04: Resolution 10-8-04-5 authorizes creation of the Investment Committee

10-6-04: Creating of an Investment Committee is contemplated by the Restated Bylaws of Washington State University Foundation (Bylaws effective 10/06/04.)

APPENDIX A

ASSET CLASS	MINIMUM	TARGET	MAXIMUM
Growth Assets	40%	50%	60%
U.S. Equity	12%	15%	18%
International Equity	16%	20%	24%
Private Equity	12%	15%	18%
Risk Reduction Assets	24%	30%	36%
U.S. / Global Fixed Income	8%	10%	12%
Hedge Funds	16%	20%	24%
Inflation Protected Assets	16%	20%	24%
U.S. TIPS	4%	5%	6%
Real Assets	12%	15%	18%
Total		100%	

APPENDIX B

ASSET CLASS

BENCHMARK

Growth Assets

U.S. Equity	Dow Jones U.S. Total Stock Market
International Equity	MSCI ACWI ex U.S.
Private Equity	Burgiss Global Private Equity Index

Risk Reduction Assets

U.S. / Global Fixed Income	Bloomberg Barclays Capital Aggregate Bond
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index

Inflation Protected Assets

U.S. TIPS	Bloomberg Barclays Capital U.S. TIPS
Real Assets	Custom Real Assets Benchmark

Conflicts of Interest

Statement & Certification

Introduction

This policy is designed to help members of the Board of Directors (“Directors”) and members of standing committees (Audit, Operations, Investment, Gift Acceptance and Management, and Nominating) of the Washington State University Foundation (“Committee Members”) identify situations that present potential conflicts of interest and to emphasize the importance of adhering to high standards of responsibility, accountability, and public scrutiny. This policy is applicable to all Directors and Committee Members of Washington State University Foundation (“WSU Foundation”).

It is important to note that a conflict of interest involving a Director or Committee Member does not necessarily result in a prohibited transaction or arrangement. The Board of Directors may determine that despite the existence of a conflict of interest, the transaction or arrangement is in the best interests of the WSU Foundation.

This policy is intended to supplement, not supersede, the WSU Foundation’s governing documents or any other federal or state laws governing conflicts of interest applicable to nonprofit corporations. Article 7 of the Restated Bylaws of the WSU Foundation pertaining to conflicts of interest, is included in Appendix 1.

On February 14, 2008 the Internal Revenue Service (IRS) promulgated a revised Form 990, the annual reporting form applicable to tax-exempt entities such as the WSU Foundation. Two of the guiding principles behind the form redesign were to enhance transparency and promote tax compliance. The new form significantly increased disclosure requirements related to the exempt organizations governance and management. This Conflict of Interest Statement & Certification serves as a mechanism for collecting the information necessary to properly complete the new Form 990. The IRS requires that each exempt organization undertake a “reasonable effort” to collect the following information.

Duty to the WSU Foundation

Directors and Committee Members have a clear fiduciary duty to the WSU Foundation in connection with their service as a Director or Committee Member. At all times Directors and Committee Members must act in a manner consistent with this fiduciary obligation and must exercise particular care that no detriment to the interests of the WSU Foundation (or appearance of such detriment) may result from a conflict between those interests and any personal interest of a Director or Committee Member.

Identifying a Conflict of Interest

A conflict of interest may arise whenever a Director or Committee Member or a member of his/her family: (1) has an existing or potential interest which impairs or might appear to impair his/her independent judgment in the discharge of responsibilities to the WSU Foundation; (2) may receive a material benefit from knowledge of information which is confidential to the WSU Foundation; (3) knowingly misrepresents, withholds, or falsifies relevant information used for decision-making purposes or to derive personal benefits; or (4) solicits benefits in exchange for using influence as a Director or Committee Member.

Potential Conflicts of Interest

Each Director and each Committee Member who is not a Director must file an annual statement, at or immediately following the fall meeting of the Board of Directors, with the Secretary of the Board of Directors setting forth any conflicts of interest that might be expected to occur within the coming year. The statement shall disclose as fully as possible the nature of the potential conflicts and the nature of the Directors or Committee Member's interest in the potential transactions. All statements that anticipate conflicts of interest will be circulated to the Directors.

In the interim, if any Directors or Committee Member or member of his/her family has or is about to assume an interest or other relationship which might result in a conflict of interest, it is the Directors or Committee Member's responsibility immediately to disclose all material facts to the Chair of the Board of Directors or the Chair of the Audit Committee.

Each Directors and Committee Member must be willing and available to answer any questions about potential conflicts.

Confidentiality Policy

All information concerning actual or potential conflicts of interest on the part of Directors or Committee Members, as well as all other information provided on this Statement & Certification, will be held in confidence. Any disclosure beyond the members of the Board of Directors will take place only upon majority vote of the Board of Directors.

Definitions

Interested Person: Any director, principal officer, or member of a committee with governing board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which the WSU Foundation has a transaction or arrangement.

APPENDIX C

- A compensation arrangement with the WSU Foundation or with any entity or individual with which the WSU Foundation has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the WSU Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists.

Business Transactions: A business transaction includes, but is not limited to, contracts of sale, leases, licenses, arrangements for the performance of services, and joint ventures in which the interests of the organization and the interested person each exceeds 10%. Membership dues, grants and loans are not considered to be business transactions.

Business Relationship: A business relationship between two persons includes (but presumably is not limited to) the following types of relationships:

- One person is employed by a sole proprietorship owned by the other person or by an organization of which the other person is a director, trustee, officer, key employee or greater-than-35% owner.
- One person is transacting business with the other, directly or indirectly, in one or more contracts of sale, leases, licenses, loans, service arrangements or other transactions involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the year. An indirect transaction is a transaction by one person with an organization of which the other person is a director, trustee, officer, key employee or greater-than-35% owner.
- The two persons are each a director, trustee, officer or greater-than-10% owner in the same business or investment entity.

A "business relationship" does not, however, include the following:

- "ordinary course of business exception": a transaction between the two persons in the ordinary course of either party's business and on the same terms as are generally offered to the public; and
- "Privileged relationship exception": a relationship between attorney and client, medical professional and patient, or priest/clergy and penitent/communicant.

Family Member: Family members include an interested person's spouse, ancestors, siblings (whether of the whole or half-blood), children (natural or adopted), grandchildren, great grandchildren, and spouses of siblings, children, grandchildren and great grandchildren.

APPENDIX C

Appendix 1 – Article 7 of the WSU Foundation Bylaws – Conflicts of Interest

Definitions

A conflict of interest arises when any “Responsible Person” or any “Party Related to a Responsible Person” has an “Interest Adverse to the WSU Foundation.” A Responsible Person is any individual in a position to exercise substantial influence over the affairs of the WSU Foundation, and specifically includes, without limitation, Members, Directors and Officers of the WSU Foundation and the chairperson and members of any committee making decisions on behalf of the WSU Foundation. A Party Related to a Responsible Person includes his or her extended family (including spouse, ancestors, descendants and sibling, and their respective spouses and descendants), an estate or trust in which the Responsible Person or any member of his or her extended family has a beneficial interest or a fiduciary responsibility, or an entity in which the Responsible Person or any member of his or her extended family is a director, trustee or officer or has a financial interest. An “Interest Adverse to the WSU Foundation” includes any interest in any contract, transaction or other financial relationship with the WSU Foundation, and any interest in an entity whose best interests may be impaired by the best interests of the WSU Foundation including, without limitation, an entity providing any goods or services to or receiving any goods or services from the WSU Foundation, an entity in which the WSU Foundation has any business or financial interest, and an entity providing goods or services or performing activities similar to the goods or services or activities of the WSU Foundation.

Disclosure

If a Responsible Person is aware that the WSU Foundation is about to enter into any transaction or make any decision involving a conflict of interest (a “Conflicting Interest Transaction”) such person shall: (i) immediately inform those charged with approving the Conflicting Interest Transaction on behalf of the WSU Foundation of the interest or position of such person or any party related to such person; (ii) aid the persons charged with making the decision by disclosing any material facts within the Responsible Person’s knowledge that bear on the advisability of the WSU Foundation entering into the Conflicting Interest Transaction; and (iii) not be entitled to vote on the decision to enter into such transaction.

Approval of Conflicting Interest Transactions

The WSU Foundation may enter into a Conflicting Interest Transaction provided the material facts as to the Responsible Person’s relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Board of Directors or to a committee of the WSU Foundation that authorizes, approves or ratifies the Conflicting Interest Transaction, and the Board of Directors in good faith authorizes, approves or ratifies the Conflicting Interest Transaction by the affirmative vote of a majority of the disinterested Directors on the Board, even though the disinterested Directors are less than a quorum.

**Washington State University Foundation
Consolidated Endowment Fund**

**Investment Policy Statement and Spending Policy
(October 2021)**

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1. Purpose and Background

PURPOSES/ROLE: The Investment Committee, a standing fiduciary committee established under the Restated Bylaws of the WSU Foundation, is responsible for investments, reinvestments, and general management of all property and assets held for investment by the WSU Foundation, planned gift assets held in trust or agreement by the WSU Foundation, and those University assets entrusted to the WSU Foundation for investment management under contract with the University. This Investment Policy Statement and Spending Policy only applies to the endowed assets of the WSU Foundation and University, and not the planned gift assets of the WSU Foundation. The Investment Committee develops investment policies, to be presented to the Board of Directors for approval, for investing capital of the WSU Foundation, along with a consistent monitoring of investment performance and investment management, per its Investment Committee Charter, as amended from time to time. A copy of the Investment Committee Charter in effect on the date of this Investment Policy Statement and Spending Policy is attached as Appendix D.

BACKGROUND:

Washington State University Foundation (WSU Foundation) was established as a Washington nonprofit corporation in 1979. It is recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The WSU Foundation's mission is to promote, accept, and maximize private support for programs, initiatives, and properties of Washington State University (University), and prudently manage, invest, and steward the assets entrusted to it by the University and its alumni, friends, and donors. WSU Foundation is a separate and independent entity from the University and is neither a state agency or its functional equivalent.

The University has contracted with the WSU Foundation to be the sole entity for promoting, receiving, and managing all private gifts to the University as set forth in the Agreement between Washington State University and Washington State University Foundation ("Agreement"). Pursuant to the Agreement, the WSU Foundation actively solicits alumni and friends of the University on behalf of the University. Some donor's gifts are intended to create endowments. These endowments may be titled in the name of the WSU Foundation or the University depending on the donor's intent.

The Washington State University Foundation Consolidated Endowed Fund Investment Policy Statement and Spending Policy applies to WSU Foundation assets held as endowments as well as University endowed assets entrusted to the WSU Foundation for investment management under the Agreement. These endowed assets are managed by the WSU Foundation as part of the Washington State University Foundation Consolidated Endowment Fund (Fund). The Fund is an institutional fund (as that term is defined in RCW 24.55.010(4)). There are two components to the Fund, reflecting the sources of the Fund's corpus:

- a. WSU Foundation's endowed assets consists of permanent endowments, quasi-endowments and funds building to target (the endowment is funded over a period of time).
- b. University's endowed assets consists of permanent endowments, quasi-endowments and funds building to target (the endowment is funded over a period of time).

Distributions from the Fund are made quarterly in accordance with the spending policy, set out in Section 4.1.1 hereof and mutually agreed upon by the Directors and the Regents. Furthermore, the Committee shall report, at least annually, to the Directors, the Regents, and University administration the investment performance against benchmarks.

The WSU Foundation Board of Directors (Directors) are fiduciaries for the WSU Foundation's endowed assets. The Washington State University Board of Regents (Regents) are fiduciaries for the University's endowed assets. Pursuant to the Agreement, and subject to this policy, the Directors, the WSU Foundation, and the WSU Foundation Investment Committee (Committee), as appropriate, are responsible for the investment and management of the WSU Foundation's endowed assets and the University's endowed assets.

COMPOSITION/APPOINTMENT/REPORTING:

The Investment Committee is comprised of at least seven (7), but not more than eleven (11) appointed members (voting) and select ex officio members (non-voting). The Regents appoint two (2) of these voting members, one a member of the Regents, the other a Regent or a volunteer with investment expertise and experience selected upon consultation with the Committee, subject to notice to the Directors. These members serve a one-year (1-year) renewable term upon appointment by the Regents. The other Committee members are appointed by the Chair/President of the Board of Directors and are selected from Board members or volunteers with investment expertise and experience upon consultation with the Committee, and subject to notice to the Regents. These members serve a four (4) year term renewable upon appointment by the Chair/President of the Board of Directors. Ex officio (non-voting) seats are designated by the Directors pursuant to the Charter and shall always include at least one (1) University representative and one (1) Audit Committee Member. As of the date of the adoption of this Investment Policy, the Chief Financial Officer and Vice President for Finance and Administration (CFO/VPFA) of WSU, the CEO of the WSU Foundation, and the Chief Financial Officer of the WSU Foundation or their designee are ex officio members of the Investment Committee. The Committee Chair must be a Director. The Chief Financial Officer of the WSU Foundation or their designee serves as Secretary to the Committee. Investment policy and guidelines, as well as performance against benchmarks shall be reported by the Committee Chair, at least quarterly, to the Board of Directors, and the Board of Regents of the University and University administration.

MEETINGS: The Investment Committee will meet at least four (4) times a year with two (2) of the meetings held at the WSU Foundation's Annual Fall Meeting and Spring Meeting.

2. Allocation of Responsibilities

This section describes and delineates the responsibilities of the key parties to the Fund's investment process. The Directors and the Regents, as the governing boards for the WSU Foundation and the University, respectively, have a responsibility to set investment and spending policy with respect to the endowed assets of each entity in the Fund, and to review and approve any changes thereto. Management and investment of the Fund may be delegated to the extent that the WSU Foundation and/or the University may prudently delegate under the circumstances. In delegating, the Directors and the Regents shall act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

The responsibilities identified in this section and elsewhere in this policy delineate the scope of the respective delegations by the Directors and the Regents, and the authority retained.

2.1 Governing Boards – Board of Directors (WSUF) and Board of Regents (WSU)

2.1.1 Directors WSU Foundation

The Directors provide performance accountability, membership oversight, and governance evaluation for the Committee. The Directors' responsibilities are to:

- a. Approve the Investment Committee Charter, annually.
- b. Approve the Investment Policy, and changes to the Investment Policy as it relates to the WSU Foundation endowed assets.
- c. Assess Fund performance against annual goals.
- d. Review and approve final Directors-appointed candidates for open positions on the Committee, as recommended by the Committee, including additional *ex officio* members, Committee Chair, and Committee Vice Chair.
- e. Annually review the operational performance of the Committee and its members.
- f. Review member de-selection recommendations as submitted by the Committee Chair, approve de-selection recommendations of Directors-appointed members, and forward de-selection recommendations of Regents-appointed members to Regents for approval. De-selection does not include normal end-of-term roll-off of members.

- g. Maintain “best in class” operations by periodically assessing Committee performance and evaluating changes in: the roles and responsibilities of Committee and staff; the structure and composition of the Committee; the characteristics and qualifications of Committee Chair and members; and the Committee support model.
- h. Address problems with Committee operations as they arise.
- i. Identify a group of higher education institutions where the WSU Foundation can benchmark its results with endowments similar in size.

2.1.2 Regents WSU

The Regents’ responsibilities are to:

- a. Approve the Investment Policy and changes to the Investment Policy as it relates to University endowed assets.
- b. Review and approve Regents-appointed Committee members.
- c. Annually review the operational performance of the Fund and the actions of the WSU Foundation, its Directors, and the Investment Committee in their role as manager of University endowed assets in order to monitor performance and compliance with the scope of the delegation of management of University endowed assets.
- d. Review and approve de-selection recommendations from the Committee of Regents-appointed members. De-selection does not include normal end-of-term roll-off of members.

2.2 WSU Foundation Investment Committee

2.2.1 Duties

The Investment Committee is responsible for implementation of this Investment Policy, and for investing capital, monitoring and reviewing investment performance, establishing appropriate benchmarks, and investment management. It may delegate fulfillment of investment and administrative tasks to others. The Committee’s responsibilities with respect to the Fund’s assets include completing each of the duties below in a prudent manner:

- a. Exercise ordinary business care and prudence under the facts and circumstances prevailing in managing and investing the assets of the endowment. Specific factors guiding the Committee in managing and investing the assets are:
 - 1. General economic conditions;
 - 2. Effects of inflation and deflation;

3. Expected tax consequences of investment decisions;
 4. Role of each investment in fund portfolio;
 5. Expected total return from income and growth of investments;
 6. Other University resources;
 7. Needs for the fund to make distributions and preserve capital;
 8. An assets special relationship or special value to the University's mission;
 9. To incur only costs that are appropriate and reasonable in relation to the Fund's assets;
 10. Make reasonable effort to verify facts relevant to the management and investment of the Fund; and
 11. Annually review Investment Policy Statement and Spending Policy.
- b. Act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in delegating management and investment of the Fund to an external agent in:
1. Selecting the agent;
 2. Establishing the scope and terms of the delegation; and
 3. Reviewing and monitoring the agent's performance.
- c. Act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making decisions to appropriate for expenditure or accumulate Fund assets, taking into consideration:
1. Duration and preservation of the endowment fund;
 2. Purposes of the University and the endowment fund;
 3. General economic conditions;
 4. Possible effect of inflation or deflation;
 5. The expected total return from income and the appreciation investments;
 6. Other resources of the University
 7. This Investment Policy.

- d. Comply with all applicable state and federal laws, regulations, and rulings that relate to the Fund's investment management process.
- e. Recommend Investment Policy and Spending Policy changes to the Directors and the Regents.
- f. Operate within the allocation ranges of the Investment Policy.
- g. Establish and review objectives, asset allocation, and guidelines for the investment of the Funds' assets.
- h. Establish and comply with policies addressing issues that may result in perceived or actual conflicts of interest (including but not limited to relationships with investment managers or other firms doing business with the Fund and receipt of gifts or entertainment above a certain dollar value from firms doing business with the Fund) and other governance issues.
- i. Select qualified external investment managers to manage the Fund's assets.
- j. Select other service providers it deems appropriate to carry out its function, including, but not limited to, independent investment consultant(s).
- k. Meet quarterly to evaluate policy compliance, review progress in achieving the Fund's goals, and assess the effectiveness of the investment program.
- l. Evaluate the Fund's performance and the performance of the professionals hired to assist the Committee in managing the Fund's investment program.
- m. Communicate on a regular basis with the investment consultant.
- n. Periodically review and evaluate ongoing understanding and relevance of investment policies of commingled funds in which Fund assets are invested.
- o. Take appropriate action if objectives are not being met or if policy and guidelines are not being followed.
- p. Keep the Audit Committee informed of any laws, regulations, rulings or investment decisions that might affect the annual audit of the WSU Foundation.
- q. Keep the Finance Committee informed of any changes to the spending rate applicable to the endowed Fund.

2.3 Chair of the Committee

The Chair of the Investment Committee shall be a member of the Board of Directors.

The Chair is responsible for the following duties:

- a. Provide leadership in the conduct of Committee responsibilities and preside at Committee meetings.
- b. Report Committee activities and actions and Fund performance at meetings of the Directors and the Regents.
- c. Communicate on behalf of the Committee, as the Committee speaks with one voice through the Chair.
- d. Manage the Committee member performance review and de-selection process. Participate in new member orientation sessions.
- e. Collaborate with the WSU Foundation's CFO or their designee on developing meeting agendas and meeting locations.

2.4 WSU Foundation CFO

The WSU Foundation CFO or their designee is responsible for the following duties:

- a. Assist the Committee in maintaining relevant policies and procedures.
- b. Coordinate contract reviews and execution.
- c. Day-to-day relationship management of investment program service providers.
- d. Act as liaison between the Committee and investment program service providers.
- e. Execute asset allocation and rebalance upon consultation with the investment consultant and Chair, as needed.
- f. Provide direction letters to the investment managers, bank custodian, and consultant.
- g. Determine liquidity needs and communicate same to appropriate service providers.
- h. Provide reports to internal and external constituencies as required.
- i. Develop meeting agendas and collaborate with Committee Chair and appropriate service providers, as needed.
- j. Provide orientation to new Committee members.

2.5 Custodian Bank

Fund assets will be held by an institution designated as the Custodian Bank who shall manage, control, and collect the assets of the Fund in accordance with the

terms of a separate custodial agreement as well as the terms of this Investment Policy. The custodian bank for the Fund is responsible for:

- a. Fulfilling all the customary fiduciary duties of a custodian in accordance with applicable state and federal laws.
- b. Receiving all contributions and paying all disbursements and Fund expenses as directed by designated and authorized Staff.
- c. Safekeeping of assets, timely settlement of securities transactions, and the daily sweep of excess cash from manager accounts into suitable cash management vehicles.
- d. Accurate and timely reporting of the assets to Staff by individual manager account(s), investment pool, and total Fund.
- e. Coordinating asset transfers as requested by Staff.
- f. Meeting with Staff as requested.

2.6 Investment Managers

The manner in which the Funds' investment objectives are to be accomplished and the account ability of the investment managers in seeking to achieve the investment objectives shall be consistent with the fiduciary provisions of RCW 24.55 and the Prudent Management of Institutional Funds Act, and other pertinent state and federal laws, regulations, and rulings that relate to the investment process.

The investment managers are given full discretionary authority to accomplish specific investment objectives of the Fund, subject to the guidelines set forth in this Investment Policy. The investment managers are responsible for the following:

- a. Implementing investment strategy according to the style for which they were hired.
- b. Implementing security selection and timing decisions.
- c. Providing reports and data as requested by the Committee, Staff, bank custodian, and/or investment consultant.
- d. Meeting with the Committee and Staff as requested.
- e. Voting proxies.

Investments in pooled funds shall be subject to the Investment Policy guidelines established by the respective fund managers.

2.7 Investment Consultant

The Investment Consultant is responsible for the following:

- a. Assist the Committee and Staff in maintaining a relevant investment policy.
- b. Evaluate and report performance of Fund assets on a quarterly basis.
- c. Monitor and report any material changes in personnel, organization, or investment strategy of the Funds' investment managers.
- d. Proactively suggest improvements to the Funds' investment program.
- e. Identify appropriate investment manager candidates.
- f. Provide investment expertise and analyses, as needed by the Committee and Staff.
- g. Establish and regularly review manager structure guidelines for the Fund's components.
- h. Keep the Committee informed of current investment trends, issues, and material changes in the regulatory environment.
- i. Evaluate investment opportunities.
- j. Recommend asset allocation and manager allocation targets.
- k. Recommend asset manager finalists.
- l. Annually, provide results of selected benchmark schools for the Committee to track.

3. Investment Objectives

The investment objectives of the Fund reflect its long-term nature and intergenerational equity concerns. It is recognized that the desire to grow corpus and to produce a large, stable, and predictable payout stream involves trade-offs that must be balanced in establishing the investment and spending policies. Operating and philosophical considerations shape the Fund's objectives as outlined below:

- a. Produce a relatively predictable and stable payout stream each year.
- b. Maintain purchasing power of the assets over the investment horizon.
- c. Balance the support of present and future generations of students, faculty, facilities and programs.
- d. Include assets that provide inflation protection and assets that can drive long-term growth.

3.1 Total Fund Return Objectives

The Fund has multiple investment return objectives:

- a. The long-term total rate of return should equal or exceed the endowment spending rate (5.5% as of the date of adoption of this Investment Policy) plus the increase in the Consumer Price Index. It is recognized that in order to achieve this objective over extended periods, endowments have had to exceed the objective substantially during some periods, such as the 1980s, in order to compensate for shortfalls during other periods, such as the 1970s and 2000s.
- b. The Fund is expected to produce a rate of return that at least matches that of the benchmarks, which are set out in Appendix B. Investment policy and benchmarks in Appendix B are subject to change with approval by the Directors upon consultation with the Committee, its Investment Consultant and Staff. Risk (as measured by standard deviation of quarterly returns) should not exceed that of the Policy Portfolio without a corresponding increase in performance above the Policy Portfolio.

3.2 Investment Strategy Objectives

Achieving these objectives requires a combination of investment strategies that are categorized by differences in their expected response to economic conditions, specifically price inflation or changes to interest rates, and weighted in the Fund by considering risk-adjusted returns and correlations. Broad categories considered in asset allocation are: domestic equities, international equities, alternative investments (private equity, private real assets, hedge funds, managed futures, commodities and derivative contracts), inflation hedge strategies, and fixed income.

The Directors and the Regents recognize that asset allocation decisions are the most important factors determining the long-term performance of the Fund, and the success of the investment management strategy. Asset allocation decisions shall be made by the Directors and the Committee as described herein. The Fund's allocation to equities and fixed income and alternative investments shall be approved by the Directors with input from the Committee, its Investment Consultant, and Staff based upon the current spending policy and estimates of the long-term investment performance likely to be achieved by the various asset classes and investment styles.

Appendix A sets out the current target and minimum and maximum investment by percentage for identified asset classes. Appendix A is subject to change with approval by the Directors upon consultation with the Committee, its Investment Consultant, and Staff. The Committee Chair shall inform the University of any changes to Appendix A within ten (10) days of approval of the change. Operating and philosophical considerations that shape the Fund's strategies are outlined below:

- a. Seek growth of assets by emphasizing equity investments with a mix of active and passive investment strategies, while avoiding excessive risk levels.

- b. Favor active investment strategies that offer the opportunity for the total portfolio to outperform in very poor markets and some opportunity for the total portfolio to participate in exceptionally strong markets.
- c. The acceptable risk profile for the Foundation should generally be to assume the lowest possible risk for the return goal desired. While negative returns in any single year may be unavoidable, over longer terms, asset allocations should be selected which are expected to achieve overall positive portfolio returns. In order to assess and monitor portfolio risk, the Investment Committee will review its asset allocation policy and asset allocation at least annually. Risk can be construed to include multiple different outcomes including loss of principal, failure to meet an expected return, or volatility of investment returns around an expected mean (standard deviation). The Investment Committee's policy regarding investment risk, consistent with modern portfolio theory, is that risk cannot be eliminated but should be managed. Investment committee members, with the help of the External Investment Manager and investment managers, are responsible for understanding the risks inherent in various investment strategies, ensuring that they are properly compensated for these risks, and measuring and monitoring them. It should be considered in the hiring of new investment managers as well as in the continued monitoring of existing investment managers and the overall portfolio. Risk should also be considered in the selection of individual asset classes and the overall portfolio asset allocation. Most importantly, the level of overall portfolio risk taken should be consistent with the overall return objectives of the Foundation.

3.3 Domestic Equities

The purpose of holding domestic equity securities is to provide long-term capital growth through participation in the growth of the U.S. economy. The objective of the domestic equity portfolio is to earn, over the long term, an average annual total return, net of fees, that at least matches that of the Dow Jones U.S. Total Stock Market Index.

3.4 International Equities

The purpose of holding international equities is to expand the universe of capital growth opportunities and diversify economic risk. The objective of the international equity portfolio is to earn, over time, an average annual total return, net of fees, that at least matches that of the MSCI All Country World ex-U.S. Index.

3.5 Alternative Assets – Private Equity

The purpose of investing in private equity partnerships (including venture capital and leveraged buyout limited partnerships) is to expand the universe of capital growth opportunities, with the potential to enhance the return of the portfolio, by investing in the non-public sector of the equities market. The objective of the private equity portfolio is to earn, over the long term, an average annual total return, net of fees, that exceeds the Burgiss Global Private Equity Index or such other private equity benchmark, as might be appropriate.

3.6 Alternative Assets - Hedge Funds

The purpose of investing in hedge funds is to enhance diversification by providing returns that are not dependent on the direction of the stock market or interest rates and are less correlated with the U.S. equity and bond markets than conventional stock and bond managers. The objective of the hedge fund portfolio is to earn, over the long term, an average annual total return, net of fees, that exceeds Hedge Fund Research, Inc. Fund of Funds Composite Index.

3.7 Alternative Assets – Real Assets

The purpose of investing in real assets (including real estate and natural resource partnerships) is to provide attractive returns, visible current cash flows, portfolio diversification, and a hedge against unanticipated inflation. Real assets are expected to provide relative stability to the Fund during periods of public market turmoil and provide a measure of protection against inflation. The objective of the inflation hedge is to earn, over the long term, an average annual total return, net of fees, that exceeds a custom real assets benchmark (consisting of illiquid real estate, liquid and illiquid natural resources and TIPS).

3.8 Inflation Protected Fixed Income

The purpose of investing in inflation protected fixed income (TIPS) is to provide visible current cash flows, portfolio diversification, and a hedge against unanticipated inflation. TIPS are expected to provide relative stability to the Fund during periods of public market turmoil but tend to impose a drag on performance during bull markets. The objective of TIPS is to earn, over the long term, an average annual total return, net of fees, that at least matches that of the Bloomberg Barclays Capital U.S. TIPS Index

3.9 Fixed Income

The purposes of the fixed income investments are to provide some protection against financial disruptions and periods of deflation, to provide higher current income than equities to help meet the spending requirements, and to mitigate the volatility of the Fund. The objective of the fixed income portfolio is to earn, over the long term, an average annual total return net of fees that at least matches that of the Bloomberg Barclays Capital Aggregate Bond Index.

4. Policy Guidelines

4.1 Spending Policy/Rebalancing/Cash Flow Management

In rebalancing, investing, or withdrawing cash in accordance with these provisions, the percentages specified shall be determined with reference to the market values set forth in the most recent bank custodian balances when available and taking into account the cash to be invested or withdrawn.

4.2 Spending Policy

Funds flow from the Fund to the University for the purposes specified in the donor agreements and to the WSU Foundation for operating support. The Fund spending policy is intended to balance the competing goals of providing a stable payout stream each year with maintaining the purchasing power of the assets. The policy takes into consideration the following factors:

- Duration and preservation of the Fund;
 - Purposes of the University and the Fund;
 - Possible effect of inflation or deflation;
 - Expected return from income and appreciation of investments;
 - Other University resources; and
 - The Fund Investment Policy.
- a. Withdrawals shall be made from the Fund only pursuant to this spending policy and in consideration of the factors listed in Section 2.2 of this spending policy regarding appropriation of Fund assets for expenditure or accumulation of Fund assets.
 - b. The spending policy is for the Fund to distribute 5.5% per year. Individual accounts shall receive, 4% pursuant to the terms in the gift use agreement, with 1.5% for Management and Advancement fees, from all funds in the pool.
 - c. Distributions are computed quarterly based on the average market value for the thirty-six (36) months preceding and including the quarter ended prior to the distribution date, adjusted for new gifts on the first day of the distribution quarter, hereinafter referred to as the “distribution calculation.”
 - d. Distribution calculations shall begin when the fund reaches the established minimum endowment level or target balance specified in the gift instrument.
 - e. Distributions from the Fund will be computed quarterly based on the average market value for the thirty-six (36) months preceding and including

the quarter ended prior to the distribution date. (For example, the September 30, 2009, distribution was based on monthly market values for the period July 31, 2006, through June 30, 2009).

- f. No distributions will be made from an individual endowment fund to a program, until it has reached the established minimum endowment level or the target balance specified in the gift instrument and at least one (1) full quarter investment history after reaching that threshold balance.
- g. Distribution of the 1.5% Management and Advancement fee for administration cost shall only be waived pursuant to the terms in the gift used agreement.
- h. Fund distributions will include cash-basis expenses for scholarships, instructions, professorships, capital, operating, and administrative costs of the WSU Foundation and University. Investment-related expenses (e.g., investment manager and investment consultant fees, custody charges, etc.) will be charged against the Fund's investment return, and are not considered a part of the 5.5% annual distribution.
- i. In addition to annual reviews, if the Fund's real return (nominal return minus CPI) falls below 5.5% over the previous three-year (3-year) rolling time period, the Investment Committee should review and make a recommendation to the Directors and Regents in the next reporting cycle for purposes of determining whether to revise the rate.
- j. Market downturns present a particular challenge in balancing the goals of a stable payout stream and maintaining purchasing power. In a market downturn, individual endowment funds may have a market value that is less than the corpus (principal) of the fund; such a fund is defined to be "underwater" for purposes of this policy. A distribution from an underwater fund results in a reduction of principal. The decision to distribute or not distribute from an underwater fund depends initially on the donor's expressed written instructions. If the donor specifies that the principal (corpus) may not be invaded, or places other restrictions on spending, then distributions from that fund shall be made in accordance with the donor's restrictions. For all other funds, distributions shall be made consistent with the prudence principles herein and as stated in RCW 24.55 (UPMIFA), with an emphasis on the duration of the fund. All determinations herein shall be made based on fund values on the end date of the distribution calculation period, e.g., the value of the given fund on the quarter ended prior to the distribution date.
- k. No Distribution shall be made to any individual endowment fund whose market value is 30% or more below contributions to the fund.

4.3 Rebalancing/Cash Flow Management

Rebalancing and cash flow management will be made in amounts and proportions intended to preserve the asset allocation targets set forth in attached Appendix A.

Rebalancing will be undertaken when the allocations fall outside of the ranges specified in Appendix A. The Investment Consultant should recommend to the Staff, Chair of the Committee or Committee any portfolio changes, as appropriate. The staff will execute the rebalancing process through written instruction to the Fund's custodian and investment managers.

4.4 Usage of Derivatives

The Committee recognizes that investment managers have come to use various derivative instruments and that the prudent use of such instruments can be advantageous for controlling portfolio risk, increasing returns, implementing strategies quickly and reducing costs. Accordingly, the Committee permits the use of derivative securities only in a manner consistent with the overall investment objectives and policies described herein.

4.4.1 Derivatives may be used by the WSU Foundation's investment managers to hedge existing portfolio investments (e.g., to hedge the currency risk of a foreign stock or bond position) or to create un-leveraged investment positions as a more efficient and cheaper alternative to investments that would otherwise be made in the cash market (e.g., purchasing Treasury bond futures contracts). Derivatives may not be used by marketable securities managers to leverage a portfolio or significantly increase its risk above that of an account with similar objectives that is managed without derivatives. Use of derivatives by a manager, other than as described in this paragraph, is permitted only if authorized by the Committee. This provision does not apply to investments with absolute return or hedge fund managers.

4.4.2 The Committee expects that its investment managers utilizing derivatives will have in place processes and procedures to control and measure risk.

4.5 Proxy Voting

The Committee acknowledges its responsibility for seeing that the proxy voting rights for securities held by the Fund are exercised in a prudent manner and in the best interests of the Fund beneficiaries. The Committee may delegate their proxy voting rights to the investment managers of the Fund, or to another qualified agent that acknowledges that it will function as a fiduciary with respect to exercising proxy voting rights. Any such third party shall provide a complete listing, no less frequently than annually, of the issues for which proxies were voted and how the votes were cast. Proxy voting responsibilities have been delegated by the Committee to the investment managers.

4.6 Securities Lending

The Committee may allow for the lending of Fund securities, to earn additional income for the Fund, pursuant to a securities lending policy that is consistent with the investment objectives of the Fund. The Committee may delegate securities lending activities (including the management of collateral received for the borrowed securities) to a qualified securities lending manager that acknowledges

that it will function as a fiduciary with respect to the lending of Fund securities (and the management of collateral received) to the extent that the securities lending manager exercises discretionary authority under the securities lending agreement. Any such third party shall provide a complete accounting, no less frequently than annually, of the lending activities and income earned by the Fund.

4.7 Cougar Investment Fund

The Directors and Regents deemed it prudent to allocate a one-time amount of one million dollars (\$1,000,000) from the Fund to the Cougar Investment Fund (CIF). The CIF is managed by students as the central component of a special section of an approved professor of Investments and Portfolio Theory and Risk Management classes. The portfolio is subject to risk controls, oversight, and reporting guidelines specified in a separate Memorandum of Understanding. In addition to providing the Fund with organizational diversification within the large cap core U.S. equity portfolio, the CIF provides valuable experience to the students in applied securities analysis and portfolio management and enhances the University's ability to attract and retain quality, high-achieving students.

4.8 Conflicts of Interest

No Committee member should be placed in a conflict of interest position.

All persons responsible for investment decisions, including Committee members, or who are involved in the management of the WSU Foundation or who are consulting to, or providing any service whatsoever to the Committee, shall adhere to the WSU Foundation Conflicts of Interest Policy, attached as Appendix C. Updated policy attached.

This provision shall not preclude the payment of ordinary fees and expenses to the WSU Foundation's custodian(s), investment managers, or Investment Consultant in the course of their services on behalf of the WSU Foundation.

Further, this provision does not replace obligations under the Washington State Ethics Act, which applies to all state officers and state employees.

5. Monitoring of Objectives

5.1 The Committee will normally review the Fund's asset allocation, manager team, and performance at least quarterly in order to evaluate diversification and progress toward long-term objectives, and will direct the CFO of the WSU Foundation or their designee to make such review, or have such review made by a consultant with appropriate expertise, each quarter. While short-term results will be monitored, it is understood that the objectives for the Fund are long-term in nature and that progress toward these objectives will be evaluated from a long-term perspective (i.e., 20 years or longer).

5.2 Each manager's performance will be evaluated against an appropriate passive index and the median return of an appropriate universe of institutional quality managers or funds as determined by the Committee. The Committee will evaluate each manager periodically in order to establish that the factors that initially led to performance expectations remain in place and that each manager's philosophy is appropriate for the Fund's overall objectives.

5.3 At its sole discretion, the Committee may terminate any manager at any time if it determines for whatever reason that the manager is no longer appropriate for the Fund.

5.4 The Investment Consultant acting on behalf of the Committee shall provide each manager of a separately managed account with a set of mutually agreed-upon guidelines.

5.5 The Committee may invest in a commingled fund (e.g., a mutual fund or limited partnership agreement), provided that the policies of such fund are consistent with this Investment Policy. The Committee will periodically review the policies of any commingled fund investment in order to determine if they remain appropriate for the Fund.

5.6 The Committee shall have prepared and shall review, on a quarterly basis, an investment performance report setting forth the asset allocation of the Fund and the investment returns by asset class, manager, and for the total Fund. The returns shall be calculated on a time-weighted basis, net of manager fees, for the most recent quarter for which data are available and any other periods that the Committee may select and shall include fiscal-year returns when such data are available. The Committee will use the short-term performance data to monitor the Endowment Fund and the managers for consistency of investment philosophy, returns relative to performance benchmarks, and volatility of returns.

5.7 The Committee, through the Investment Consultant and Staff, shall have regular communication with the managers of actively managed accounts concerning investment strategy and outlook.

5.8 The Chair of the Committee shall notify the Chair of the Directors and the Chair of the Regents immediately upon becoming aware of the occurrence of any event that might preclude the Fund from achieving its long-term investment objective.

6. Communications and Reporting

6.1 Chair of the Committee

Annually, the Chair will:

- a. Distribute forms and compile performance reviews of Committee members;

- b. Summarize and report overall Committee performance to Directors and Regents with recommendations for changes in Committee membership (de-selection) as needed.
- c. Present a report to Directors and Regents summarizing the Fund's asset allocation as of the end of each fiscal year, performance for the fiscal year and other periods then ended, and any significant actions taken by the Committee during the fiscal year.
- d. Meet with Directors and Regents, or duly authorized subcommittees thereof, to review and discuss Fund performance, investment strategy and strategy changes, and Committee member performance. Additional meetings may be held as needed.

6.2 WSU Foundation Staff

Promptly after adoption or approval, Staff will:

- a. Provide copies of Committee meeting minutes to the members.
- b. Provide copies of recommended amendments, additions, or deletions to this Investment Policy Statement and Spending Policy to Directors and Regents.

6.3 Investment Managers

Immediately, each investment manager will report, in writing:

- a. Any and all material changes in the firm's ownership, management, investment personnel, and investment style and approach.
- b. Any occurrences of material litigation or regulatory investigation.

Quarterly, each investment manager will:

- a. Provide a report to the CFO of the WSU Foundation on Fund assets and performance. The report is to show a list of current holdings at cost and market, transactions occurring during the quarter, capital gains and losses, a summary of the investment performance of the account (on a time-weighted basis, both gross and net of fees) and the use of derivatives. Separate account managers will include a reconciliation of the Fund's custodian statements to the manager's records.

Annually, each *equity* investment manager will provide the Investment Consultant and CFO of the WSU Foundation:

- a. A report on the various transaction charges incurred on behalf of the Fund. The report shall indicate the number of shares traded, brokerage firms used, total trading costs, and cost per share.

- b. Present a copy of proxy voting policies and report on the manner in which proxies were voted.

6.4 Investment Consultant

On a quarterly basis:

- a. Provide the Committee with performance reports detailing the performance of individual managers, asset classes, and the total Fund, including relevant performance standards and assessment of managers' continued appropriateness for inclusion in the Fund's investment program.

On an annual basis:

- b. Provide the Committee with any recommended changes needed to this Investment Policy.
- c. Participate in the Committee's annual planning process.
- d. Provide an appropriate peer group fee analysis.

7. Evaluation and Review

7.1 Evaluation

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards. Performance and investment policy compliance will be measured and evaluated no less than quarterly by the Committee and annually by the Directors and the Regents. Performance will be evaluated on a long-term basis, in light of the investment environment and investment style of each manager. Evaluation will take into consideration both rates of return and volatility of returns, as well as the consistency and discipline with which each manager or limited partnership applies its investment strategy.

This Investment Policy will be evaluated at least annually by the Committee, with input from the investment managers, Investment Consultant, and Staff, to ensure its continuing relevance. The Chair of the Committee, through coordination with Staff, will forward recommendations for change to this Investment Policy to the Directors and the Regents.

If at any time in review of this Investment Policy the Directors and the Regents elect to have differing investment or spending policies, each entity shall separately adopt a new policy and the Consolidated Endowment Fund shall be divided into two funds, one holding University endowed assets and another holding WSU Foundation endowed assets. Each entity will diligently pursue such division and ensure that it occurs in a timely, reasonable, and prudent manner. Upon completion of the

division, each fund shall be managed in accordance with the new investment and spending policy for that fund by the entity (ties) so designated in the new policies.

Investment management fees will be compared to an appropriate universe, supplied by the investment consultant, on an annual basis.

Each investment manager will meet at least annually with the Investment Consultant to review the investment performance of the Funds' assets allocated to that investment manager, discuss current and expected changes in investment strategy, discuss any changes in personnel and investment philosophy, and discuss the firm's business plan and any litigation or regulatory issues.

The Investment Consultant will meet with the Committee quarterly to review performance and discuss investment program issues.

The Investment Policy Statement and Spending Policy will be reviewed annually and updated as necessary by the Investment Committee.

7.3 Authorities & Limitations

9-26-13: Resolution 9-26-13-03 Updates the Committee Charter.

10-20-11: Resolution 10-20-11-03 Updates the Committee Charter.

10-08-04: Resolution 10-8-04-5 authorizes creation of the Investment Committee

10-6-04: Creating of an Investment Committee is contemplated by the Restated Bylaws of Washington State University Foundation (Bylaws effective 10/06/04.)

APPENDIX A

ASSET CLASS	MINIMUM	TARGET	MAXIMUM
Growth Assets	40%	50%	60%
U.S. Equity	12%	15%	18%
International Equity	16%	20%	24%
Private Equity	12%	15%	18%
Risk Reduction Assets	24%	30%	36%
U.S. / Global Fixed Income	8%	10%	12%
Hedge Funds	16%	20%	24%
Inflation Protected Assets	16%	20%	24%
U.S. TIPS	4%	5%	6%
Real Assets	12%	15%	18%
Total		100%	

APPENDIX B

ASSET CLASS

BENCHMARK

Growth Assets

U.S. Equity	Dow Jones U.S. Total Stock Market
International Equity	MSCI ACWI ex U.S.
Private Equity	Burgiss Global Private Equity Index

Risk Reduction Assets

U.S. / Global Fixed Income	Bloomberg Barclays Capital Aggregate Bond
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index

Inflation Protected Assets

U.S. TIPS	Bloomberg Barclays Capital U.S. TIPS
Real Assets	Custom Real Assets Benchmark

Conflicts of Interest

Statement & Certification

Introduction

This policy is designed to help members of the Board of Directors (“Directors”) and members of standing committees (Audit, Operations, Investment, Gift Acceptance and Management, and Nominating) of the Washington State University Foundation (“Committee Members”) identify situations that present potential conflicts of interest and to emphasize the importance of adhering to high standards of responsibility, accountability, and public scrutiny. This policy is applicable to all Directors and Committee Members of Washington State University Foundation (“WSU Foundation”).

It is important to note that a conflict of interest involving a Director or Committee Member does not necessarily result in a prohibited transaction or arrangement. The Board of Directors may determine that despite the existence of a conflict of interest, the transaction or arrangement is in the best interests of the WSU Foundation.

This policy is intended to supplement, not supersede, the WSU Foundation’s governing documents or any other federal or state laws governing conflicts of interest applicable to nonprofit corporations. Article 7 of the Restated Bylaws of the WSU Foundation pertaining to conflicts of interest, is included in Appendix 1.

On February 14, 2008 the Internal Revenue Service (IRS) promulgated a revised Form 990, the annual reporting form applicable to tax-exempt entities such as the WSU Foundation. Two of the guiding principles behind the form redesign were to enhance transparency and promote tax compliance. The new form significantly increased disclosure requirements related to the exempt organizations governance and management. This Conflict of Interest Statement & Certification serves as a mechanism for collecting the information necessary to properly complete the new Form 990. The IRS requires that each exempt organization undertake a “reasonable effort” to collect the following information.

Duty to the WSU Foundation

Directors and Committee Members have a clear fiduciary duty to the WSU Foundation in connection with their service as a Director or Committee Member. At all times Directors and Committee Members must act in a manner consistent with this fiduciary obligation and must exercise particular care that no detriment to the interests of the WSU Foundation (or appearance of such detriment) may result from a conflict between those interests and any personal interest of a Director or Committee Member.

APPENDIX C

Identifying a Conflict of Interest

A conflict of interest may arise whenever a Director or Committee Member or a member of his/her family: (1) has an existing or potential interest which impairs or might appear to impair his/her independent judgment in the discharge of responsibilities to the WSU Foundation; (2) may receive a material benefit from knowledge of information which is confidential to the WSU Foundation; (3) knowingly misrepresents, withholds, or falsifies relevant information used for decision-making purposes or to derive personal benefits; or (4) solicits benefits in exchange for using influence as a Director or Committee Member.

Potential Conflicts of Interest

Each Director and each Committee Member who is not a Director must file an annual statement, at or immediately following the fall meeting of the Board of Directors, with the Secretary of the Board of Directors setting forth any conflicts of interest that might be expected to occur within the coming year. The statement shall disclose as fully as possible the nature of the potential conflicts and the nature of the Directors or Committee Member's interest in the potential transactions. All statements that anticipate conflicts of interest will be circulated to the Directors.

In the interim, if any Directors or Committee Member or member of his/her family has or is about to assume an interest or other relationship which might result in a conflict of interest, it is the Directors or Committee Member's responsibility immediately to disclose all material facts to the Chair of the Board of Directors or the Chair of the Audit Committee.

Each Directors and Committee Member must be willing and available to answer any questions about potential conflicts.

Confidentiality Policy

All information concerning actual or potential conflicts of interest on the part of Directors or Committee Members, as well as all other information provided on this Statement & Certification, will be held in confidence. Any disclosure beyond the members of the Board of Directors will take place only upon majority vote of the Board of Directors.

Definitions

Interested Person: Any director, principal officer, or member of a committee with governing board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest in any entity with which the WSU Foundation has a transaction or arrangement.

APPENDIX C

- A compensation arrangement with the WSU Foundation or with any entity or individual with which the WSU Foundation has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the WSU Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists.

Business Transactions: A business transaction includes, but is not limited to, contracts of sale, leases, licenses, arrangements for the performance of services, and joint ventures in which the interests of the organization and the interested person each exceeds 10%. Membership dues, grants and loans are not considered to be business transactions.

Business Relationship: A business relationship between two persons includes (but presumably is not limited to) the following types of relationships:

- One person is employed by a sole proprietorship owned by the other person or by an organization of which the other person is a director, trustee, officer, key employee or greater-than-35% owner.
- One person is transacting business with the other, directly or indirectly, in one or more contracts of sale, leases, licenses, loans, service arrangements or other transactions involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the year. An indirect transaction is a transaction by one person with an organization of which the other person is a director, trustee, officer, key employee or greater-than-35% owner.
- The two persons are each a director, trustee, officer or greater-than-10% owner in the same business or investment entity.

A "business relationship" does not, however, include the following:

- "ordinary course of business exception": a transaction between the two persons in the ordinary course of either party's business and on the same terms as are generally offered to the public; and
- "Privileged relationship exception": a relationship between attorney and client, medical professional and patient, or priest/clergy and penitent/communicant.

Family Member: Family members include an interested person's spouse, ancestors, siblings (whether of the whole or half-blood), children (natural or adopted), grandchildren, great grandchildren, and spouses of siblings, children, grandchildren and great grandchildren.

APPENDIX C

Appendix 1 – Article 7 of the WSU Foundation Bylaws – Conflicts of Interest

Definitions

A conflict of interest arises when any “Responsible Person” or any “Party Related to a Responsible Person” has an “Interest Adverse to the WSU Foundation.” A Responsible Person is any individual in a position to exercise substantial influence over the affairs of the WSU Foundation, and specifically includes, without limitation, Members, Directors and Officers of the WSU Foundation and the chairperson and members of any committee making decisions on behalf of the WSU Foundation. A Party Related to a Responsible Person includes his or her extended family (including spouse, ancestors, descendants and sibling, and their respective spouses and descendants), an estate or trust in which the Responsible Person or any member of his or her extended family has a beneficial interest or a fiduciary responsibility, or an entity in which the Responsible Person or any member of his or her extended family is a director, trustee or officer or has a financial interest. An “Interest Adverse to the WSU Foundation” includes any interest in any contract, transaction or other financial relationship with the WSU Foundation, and any interest in an entity whose best interests may be impaired by the best interests of the WSU Foundation including, without limitation, an entity providing any goods or services to or receiving any goods or services from the WSU Foundation, an entity in which the WSU Foundation has any business or financial interest, and an entity providing goods or services or performing activities similar to the goods or services or activities of the WSU Foundation.

Disclosure

If a Responsible Person is aware that the WSU Foundation is about to enter into any transaction or make any decision involving a conflict of interest (a “Conflicting Interest Transaction”) such person shall: (i) immediately inform those charged with approving the Conflicting Interest Transaction on behalf of the WSU Foundation of the interest or position of such person or any party related to such person; (ii) aid the persons charged with making the decision by disclosing any material facts within the Responsible Person’s knowledge that bear on the advisability of the WSU Foundation entering into the Conflicting Interest Transaction; and (iii) not be entitled to vote on the decision to enter into such transaction.

Approval of Conflicting Interest Transactions

The WSU Foundation may enter into a Conflicting Interest Transaction provided the material facts as to the Responsible Person’s relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Board of Directors or to a committee of the WSU Foundation that authorizes, approves or ratifies the Conflicting Interest Transaction, and the Board of Directors in good faith authorizes, approves or ratifies the Conflicting Interest Transaction by the affirmative vote of a majority of the disinterested Directors on the Board, even though the disinterested Directors are less than a quorum.

ACTION ITEM #2

Facility Name Recommendation Athletics Indoor Practice Facility Naming (Stacy Pearson/Pat Chun)

January 21, 2022

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU Facility Name Recommendation for Athletics Indoor Practice Facility (IPF) as the Taylor Sports Complex

PROPOSED: That the Board of Regents approve the recommendation to name the new WSU Athletics Indoor Practice Facility (IPF) as the Taylor Sports Complex

SUBMITTED BY: Stacy Pearson, Vice President, Finance and Administration/CFO

SUPPORTING INFORMATION: WSU Athletics is requesting to name the new IPF the Taylor Sports Complex.

Athletics is seeking WSU Regents approval to name the new IPF the Taylor Sports Complex. The Taylor Family has now paid off a \$7M pledge to the project. At the time of their agreement, this gift was projected to cover over a third of the project cost. While the final project cost has not yet been determined, WSU wishes to honor the terms of this gift and name the facility for the family.

In accordance with policy, this facility naming request has been approved by the WSU Facilities Naming Committee and President Schulz.

ATTACHMENT: Attachment A – Supporting Documents



WASHINGTON STATE UNIVERSITY
Finance and Administration

MEMORANDUM

TO: Kirk Schulz, President

FROM: Stacy Pearson, Vice President, Finance & Administration/CFO
Chair, Facilities Names Committee

DATE: January 3, 2022

SUBJECT: Athletics' Indoor Playing Field Naming Request

Please see the below naming request for Athletics' Indoor Playing Field (IPF) to be named the Taylor Sports Complex.

Athletics is seeking formal acknowledgment that the IPF will be named the Taylor Sports Complex. The Taylor Family has now paid off a \$7M pledge to the project. At the time of their agreement, the IPF project was projected to cost \$20M, making their gift over 1/3 of the project cost.

The Facilities Naming committee concurs with the naming request. If you approve, please provide your acceptance at the bottom of this page.

Thank you.

I concur with the above request


Kirk H. Schulz, Ph.D.
President

1-4-2022
Date

ACTION ITEM #1

WSU Vancouver, Life Sciences Building Request for Increase in Project Budget (Stacy Pearson/Olivia Yang)

January 21, 2022

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU Vancouver, Life Sciences Building, Request for Increase in Project Budget

PROPOSED: That the WSU Board of Regents approve an increase of \$2.7M in the project budget for the WSU Vancouver, Life Sciences Building and further delegate authority to the President or his designee to enter into any and all contracts necessary to complete the project within the budgeted amount of \$59.8M.

SUBMITTED BY: Stacy Pearson, Vice President, Finance & Administration/CFO

**SUPPORTING
INFORMATION:**

The new Life Sciences Building will bring components of Vancouver's basic translational, applied, and clinical health programs together in one location on campus, including Biology, Molecular Biology, Environmental Science, Neuroscience, Nursing, and Chemistry. This building will fill the critical need for instructional laboratories for undergraduate and graduate science courses. It will also include purpose-built vivarium space that meets regulatory requirements and supports instruction as well as research programs.

The University received \$500,000 for pre-design in 2017-19 state capital budget, \$4,000,000 for the design in the 2020 supplemental capital budget, and \$52,600,000 construction funding in 2021-23 state capital budget for a total project budget of \$57.1M. The original capital project request was approved by the Regents in May 2018.

Additionally, WSU has set a \$10 million fundraising goal as a top priority for the Life Sciences Building to add a greenhouse and to purchase specialized equipment for a vivarium and labs and nursing

classroom equipment. The project initially included a greenhouse, however, it had to be removed due to budget considerations. This fundraising effort will be achieved through system-wide partnerships with WSU Vancouver, the WSU Foundation, and the President and Provost offices. The greenhouse portion of the project is estimated to cost \$5.4M, with a shared commitment to raise the needed funding for the facility.

The Vancouver campus has allocated \$2.7M of local funds while fundraising efforts continue. These funds would allow the initial design, permitting, site and building infrastructure connection work to be completed while the overall building project is under construction.

The project is currently scheduled for completion October 2023.

ATTACHMENT: Attachment A - Aerial Site

Attachment A



Board of Regents

WSU Vancouver, Life Sciences Building - Request for Increase in Project Budget and Delegation of Authority to the President

Resolution # 220121-649

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the WSU Board of Regents approve an increase of \$2.7M in the project budget for the WSU Vancouver, Life Sciences Building and further delegate authority to the President or his designee to enter into any and all contracts necessary to complete the project within the budgeted amount of \$59.8M.

Dated 21st day of January, 2022.

Chair, Board of Regents

Secretary, Board of Regents

ACTION ITEM

WSU System Parking Rates and Fines (Stacy Pearson/Bill Gardner/Chris Boyan)

January 21, 2022

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU System Parking Rates and Fines

PROPOSED: That the Board of Regents delegate authority to the President or designee to approve increases in parking rates and fines for all WSU campuses for each of one or more fiscal years up to certain limits defined in the table below:

Term Permit Rates

Annual, Semester, Qtr:	May be increased up to an average of 10% across parking permit types.
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Other Rates

Daily Permit Rates:	May be increased up to \$2.00
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Hourly Rates:	May be increased up to \$.50
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Eve/Weekend Rate:	May be increased up to \$1.00
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Event Rates:	May be increased up to \$10.00
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Recreational Vehicle Rate:	May be increased up to \$50.00 per day
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Parking Fines/Sanctions:	May be increased up to \$50.00 or as defined by law, e.g., RCW
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SUBMITTED BY: Stacy Pearson, Vice President, Finance & Administration/CFO

SUPPORTING INFORMATION: Transportation and parking, similar to Housing and Dining and Facilities Services, is a capital and maintenance-intensive activity. Current facilities need to be safe and well-maintained, and funding for new facilities will be required in the future to keep pace with the changing campus and expected growth. The transportation and parking systems on all WSU campuses are self-funded and do not receive funding of any kind directly from the State.

In March 2004, the Board of Regents delegated authority to the President “to approve (a) parking rates and fines that would not exceed the US Department of Labor CPI Index (Western); and (b) annual increases in hourly rates that would not exceed \$.05 per hour per year. Any increases in the defined maximums would require additional Board of Regents approval.” This action was taken specifically for the Pullman campus but was later extended by letter to the Chancellors at the other three campuses in Spokane, Vancouver, and Tri-Cities. This action supersedes all previous delegations.

Since the delegation was established in 2004, the annual CPI index has ranged between 1.5% and 3.3%. The increases based on CPI, if applied annually, provides a nominal increase to support the daily operation of the systems but does not adequately address the capital needs for maintaining existing parking facilities, constructing new facilities, and restoring (i.e., post-COVID), and maintaining adequate reserves.

This revised delegation of authority allows the President or designee the discretion, within the limits outlined below, to consider parking increases based on a reasonable business case, including the need for capital repair and construction funds as recommended by senior campus administrators. All the usual internal processes, including communicating, receiving, and reviewing feedback from advisory groups and the campus community will remain intact. A five-year history of parking rates at the Pullman, Spokane, and Vancouver campuses is attached for informational purposes.

Term Permit Rates

Annual, Semester, Qtr:	May be increased up to an average of 10% across parking permit types.
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Other Rates

Daily Permit Rates:	May be increased up to \$2.00
Hourly Rates:	May be increased up to \$.50
Eve/Weekend Rate:	May be increased up to \$1.00
Event Rates:	May be increased up to \$10.00
Recreational Vehicle Rate:	May be increased up to \$50.00 per day

Parking Fines/Sanctions: May be increased up to \$50.00 or as defined by law, e.g., RCW

ATTACHMENT: Attachment A - Five-year parking rate histories for the Pullman, Spokane, and Vancouver campuses.

Board of Regents

WSU Parking System Rates and Fines

Resolution #220121-650

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the WSU Board of Regents approve delegate authority to the President or designee to approve increases in parking rates and fines for all WSU campuses for each of one or more fiscal years up to certain limits as defined in the table below.

Term Permit Rates

Annual, Semester, Qtr:	May be increased up to an average of 10% across parking permit types.
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Other Rates

Daily Permit Rates:	May be increased up to \$2.00
Hourly Rates:	May be increased up to \$.50
Eve/Weekend Rate:	May be increased up to \$1.00
Event Rates:	May be increased up to \$10.00
Recreational Vehicle Rate:	May be increased up to \$50.00 per day
Parking Fines/Sanctions:	May be increased up to \$50.00 or as defined by law, e.g., RCW

Dated 21st day of January, 2022.

Chair, Board of Regents

Secretary, Board of Regents

WSU Pullman Five Year Parking Rate History

Annual Parking Permit Rate History					
Permit Type	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Orange	\$ 656.07	\$ 656.07	\$ 676.41	\$ 676.41	\$ 776.00
Green	486.62	486.62	501.69	501.69	552.00
Crimson	331.86	331.86	342.15	342.15	382.00
Yellow	298.61	298.61	307.87	307.87	328.00
Red	231.47	231.47	238.66	238.66	254.00
Gray	231.47	231.47	238.66	238.66	259.00
College Hill	331.86	331.86	342.15	342.15	382.00
Blue	125.64	125.64	129.53	129.53	145.00
Commercial	963.00	963.00	992.85	992.85	1,093.00
Motorcycle	76.73	76.73	79.11	79.11	88.00

Daily Parking Permit Rate History					
Permit Type	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Orange/Day	\$ 10.25	\$ 10.25	\$ 10.57	\$ 10.57	\$ 12.00
Green	6.94	6.94	7.16	7.16	8.00
Crimson	6.94	6.94	7.16	7.16	8.00
Yellow	3.63	3.63	3.74	3.74	5.00
Red	1.98	1.98	2.05	2.05	3.00
Gray	5.61	5.61	5.78	5.78	6.00
Blue	1.31	1.31	1.35	1.35	2.00
Commercial	13.89	13.89	14.31	14.31	20.00
Motorcycle	0.98	0.98	1.00	1.00	2.00

Hourly Parking Rate History					
Location	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Library Garage	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.50
Smith Center Garage	2.00	2.00	2.00	2.00	2.50
Meters	1.75	1.75	1.75	1.75	2.25

WSU Spokane Five Year Parking Rate History

Annual/Semester/Quarter Parking Permit Rate History					
Permit Type	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Orange Annual	\$ 471.00	\$ 471.00	\$ 542.00	\$ 613.00	\$ 684.00
Orange Semester	218.00	218.00	251.00	284.00	317.00
Orange Quarter	152.00	152.00	175.00	198.00	221.00
Green Annual	343.00	343.00	395.00	447.00	499.00
Green Semester	158.00	158.00	182.00	206.00	230.00
Green Quarter	111.00	111.00	128.00	145.00	162.00
STHC Annual	343.00	343.00	395.00	447.00	499.00
Ignite Annual	343.00	343.00	395.00	447.00	499.00

Daily Parking Permit Rate History					
Permit Type	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Orange/Day	\$ 6.00	\$ 6.00	\$ 7.00	\$ 7.00	\$ 7.00
Green	4.00	4.00	5.00	5.00	5.00
Pink/Visitor	6.00	6.00	7.00	7.00	7.00
Pink/Department	4.00	4.00	5.00	5.00	5.00
Pink/Code	4.00	4.00	5.00	5.00	5.00

Hourly Parking Rate History					
Location	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Orange	\$ 1.00	\$ 1.00	\$ 2.00	\$ 2.00	\$ 2.00
Green	1.00	1.00	2.00	2.00	2.00
Pink/Visitor	1.00	1.00	2.00	2.00	2.00
Pink/Department	1.00	1.00	2.00	2.00	2.00

WSU Vancouver Five Year Parking Rate History

Annual Parking Permit Rate History					
Permit Types	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Orange	\$ 285.00	\$ 293.75	\$ 293.75	\$ 293.00	\$ 301.00
Green	243.00	250.50	250.50	250.00	258.00
Red	203.00	209.00	209.00	209.00	215.25
Gray	161.00	166.00	166.00	166.00	171.00
Motorcycle		\$5.00 add-on			

Daily Parking Permit Rate History					
Permit Types	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Scratch	\$ 4.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Good Host	4.00	4.00	4.00	4.00	4.00
Blue	4.00	4.00	4.00	4.00	4.00

Hourly Parking Rate History					
Location	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Meters	1.50	1.50	1.50	1.50	1.50