

SENATE BILL REPORT

SB 5526

As Reported by Senate Committee On:
Higher Education & Workforce Development, February 18, 2009

Title: An act relating to private financial and commercial investment information received by the University of Washington for purposes of the consolidated endowment fund.

Brief Description: Modifying disclosure requirements for private investment information received by the University of Washington consolidated endowment fund.

Sponsors: Senators Fairley, Roach, Zarelli, Murray, Kilmer, Shin and Kohl-Welles; by request of University of Washington.

Brief History:

Committee Activity: Higher Education & Workforce Development: 2/11/09, 2/18/09 [DPS].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5526 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kilmer, Chair; Jarrett, Vice Chair; Becker, Ranking Minority Member; Hewitt, Jacobsen, Kastama, Shin and Stevens.

Staff: Aldo Melchiori (786-7439)

Background: The University of Washington (UW) has an endowment fund consisting of private gifts which support donor-specified programs. The endowment fund is invested in a diversified mix of public and private securities, including privately-managed investment funds. Under current law, the UW is unable to provide a guarantee, to private fund managers, that their proprietary investment activity information will be protected from public disclosure.

Summary of Bill (Recommended Substitute): For investments in privately-managed funds, financial and commercial information submitted to or obtained by the UW is exempt from disclosure under the Public Records Act if disclosure would reasonably be expected to result in loss to the UW consolidated endowment fund or loss to the providers of the information. The UW must disclose the names and amounts of the private funds in which it

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is invested and the aggregate quarterly performance results of its investment portfolio in these funds. The UW must have formal policies addressing conflict of interest in regard to the private funds and must post these policies on their public website.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (Recommended Substitute): The UW must have formal policies addressing conflict of interest in regard to the private funds and must post these policies on their public website.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: The UW has a fiduciary duty to maximize the returns on their investments. Without this bill, access to these privately managed funds will be restricted. The best private fund managers are concerned that, without this exemption, their proprietary information will be subject to public disclosure. This is the same exemption given to the State Investment Board (SIB).

CON: The only other institution given this exemption is the SIB, and in their exemption, the standard is "would result in loss" rather than "would reasonably be expected to result in loss." Access to some of this information is important to expose possible conflicts of interest.

Persons Testifying: PRO: Scott Davies, Keith Ferguson, UW.

CON: Rowland Thompson, Allied Daily Newspapers.