

SENATE BILL REPORT

SB 5526

As of February 12, 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.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

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: 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 is invested and the aggregate quarterly performance results of its investment portfolio in these funds.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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

Staff Summary of Public Testimony: 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.