I.2. Business and Finance Committee

Thursday, September 10, 1998
Room 1820 Van Hise Hall
1:30 p.m.

a. Approval of minutes of June 4, 1998 meeting of the Business and Finance Committee

b. Best Business Practices Report

c. Year 2000 Report

d. Report on Base Salary Adjustment to Recognize Competitive Factors
[Resolution I.2.d.].

e. Authorization to recruit for General Counsel
[Resolution I.2.e.]

f. Report of the Vice President
(1) Quarterly Gifts, Grants and Contracts Report
(2) Agreement with private for-profit making organizations
(a) Contract for Radio Broadcast Rights with Learfield Communications, Inc.
[Resolution I.2.f. (2)(a)]

g. Additional items which may be presented to the Business and Finance Committee with its approval.

h. Trust Funds
(1) University of Wisconsin System Trust Funds Request for Principal Expenditure – Frederick S. Brandenburg Bequest
[Resolution I.2.h.(1)]
(2) University of Wisconsin System Trust Fund Principal Long Term Fund Endowment Spending Plan
(3) 1998 Asset Allocation Review
[Resolution I.2.h.(3)]
(4) Closed session to consider trust fund matters, as permitted by s. 19.85 (1)(e), *Wis. Stats.*

September 11, 1998 Agenda Item I.2.b.

BEST BUSINESS PRACTICES REPORT

EXECUTIVE SUMMARY

BACKGROUND

In December 1995, Vice President for Business and Finance Marnocha appointed a UW System Best Business Practices Team to create a vision, goals/objectives, and a strategic plan for UW System institutions to follow in implementing changes to business practices. The Team's priority was to identify value added services while stabilizing costs associated with the business operations and continuing the UW System and institutions' missions. The work of the Team should provide a common base to guide changes within all business operations.

An initial report was presented to the Board of Regents Business and Finance Committee at its June 1996 meeting. The Team subsequently divided into two groups to address two specific business practices, travel reimbursement and low dollar procurement. The report on travel reimbursement was presented to the Board of Regents Business and Finance Committee at its November 1996 meeting and the report on low dollar procurement was presented at the December 1996 meeting. A sub-group of the Best Business Practices Committee was appointed to study the best business practice for financial systems. A status report was provided to the Committee at its November 1997 meeting and a report on the Best Business Practice for Financial Systems was presented to the Business and Finance Committee at its May 1998 meeting.

The Business and Finance Committee requests that System Administration find an alternative to sub-activity reporting as a means of comparing the UW System to its peers and to itself over time was assigned to the Best Business Practices Oversight Committee. This report depicts the Committee's recommended use of ratio analysis as one tool to serve this purpose. This report also provides a summary of Best Business Practices which have been implemented by UW System institutions.

REQUESTED ACTION

This report is for information only.

DISCUSSION AND RECOMMENDATIONS

Ratio Analysis

During the fall of 1997, the Board of Regents approved the elimination of the sub-activity reporting system. During its deliberations, the Business and Finance Committee asked if there were other more meaningful comparative data which could be utilized to provide assurance that the UW System compared positively to other institutions. In response to that request, the Best Business Practices Oversight Committee recommends reviewing a select number of ratios which are currently required by the Department of Education to ensure that private institutions are financially solvent. Accordingly, some of the ratios are less meaningful in a public sector market but none-the-less provide an opportunity for comparison to peer systems as well as to ourselves over time. Ratio analysis does meet the criteria that in order to be useful, peer data must be readily available and published in a reasonable time-frame.

This report includes three ratios calculated using the Annual Financial Reports of our 17 peer system institutions. These three were proposed by KPMG to the Department of Education in 1996 to evaluate institutional financial health. The ratios include:

- Viability Measure (Expendable Fund Balances to Plant Debt). This depicts the ability to cover outstanding plant debt if operations ceased.
- Primary Reserve (Expendable Fund Balances to Total Expenditures). This depicts the organization's ability to operate with no additional revenues.
- Net Income (Net Total Revenues to Total Revenues). This depicts whether an organization is living within its means.
- Composite Index (Weighted average of the three ratios).

Attachments 1-4 depict the UW System ratios compared to those of the 17 other systems. Attachment 5 shows these same ratios for the UW System over a five year period.

In all cases, the UW System ratios fall within an acceptable range of our peer institutions. UW ratios show variance up and down over time, but still remain within acceptable ranges. Clearly, state policies that impact the ability of public institutions to retain fund balances have an impact on this type of analysis. We will report these comparisons annually to the Business and Finance Committee and continue to look for meaningful comparative data to add to the annual report.

Best Business Practices of UW System Institutions

All of the institutions within the UW System have accepted the importance of best business practices in maintaining efficient and cost-effective operations. A number of examples are presented in Attachment 6 representing the type of best practices adopted by the institutions. Included in these examples are various collaborative efforts within the System which also result in increased efficiency and cost savings.

RELATED REGENT POLICIES

None

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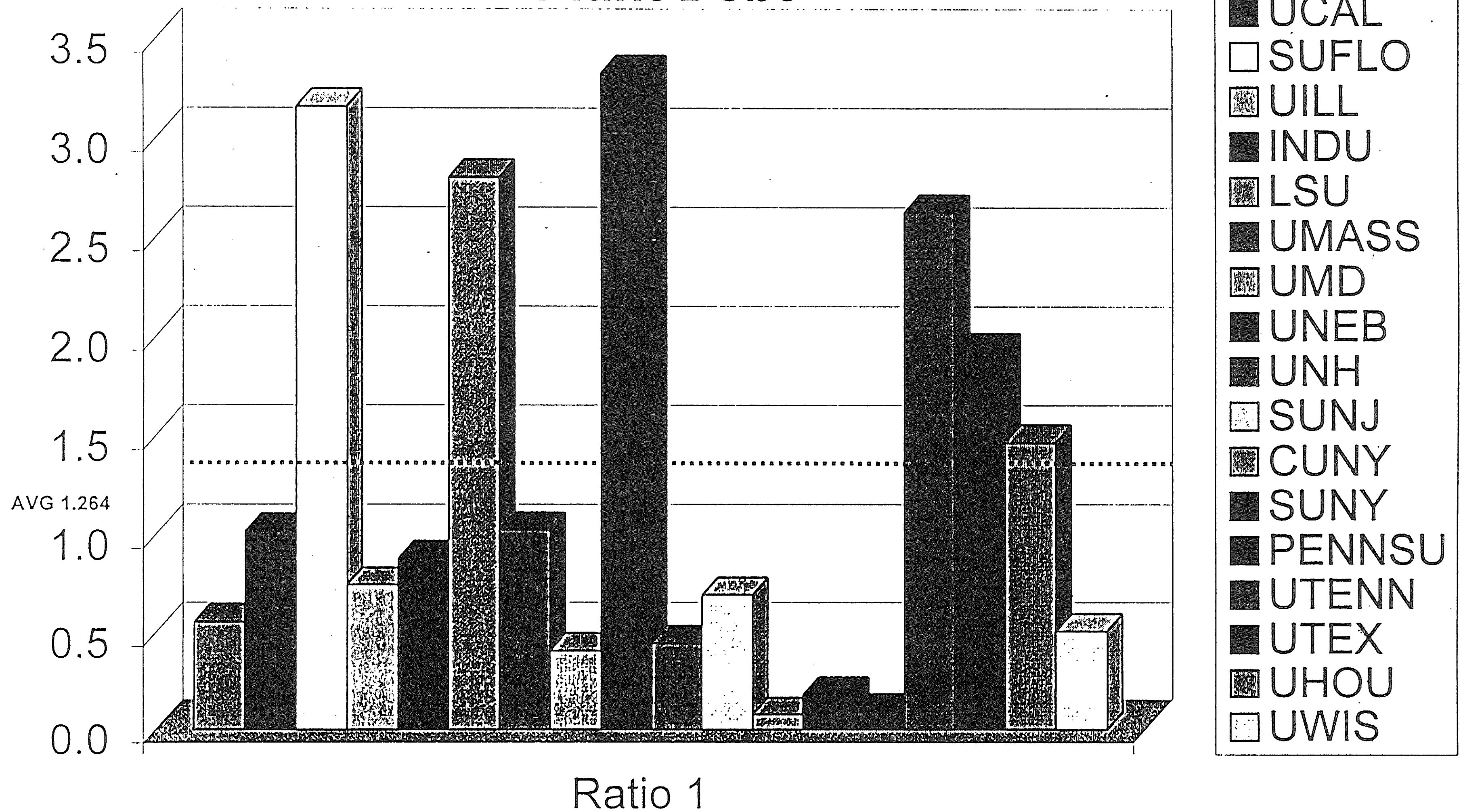
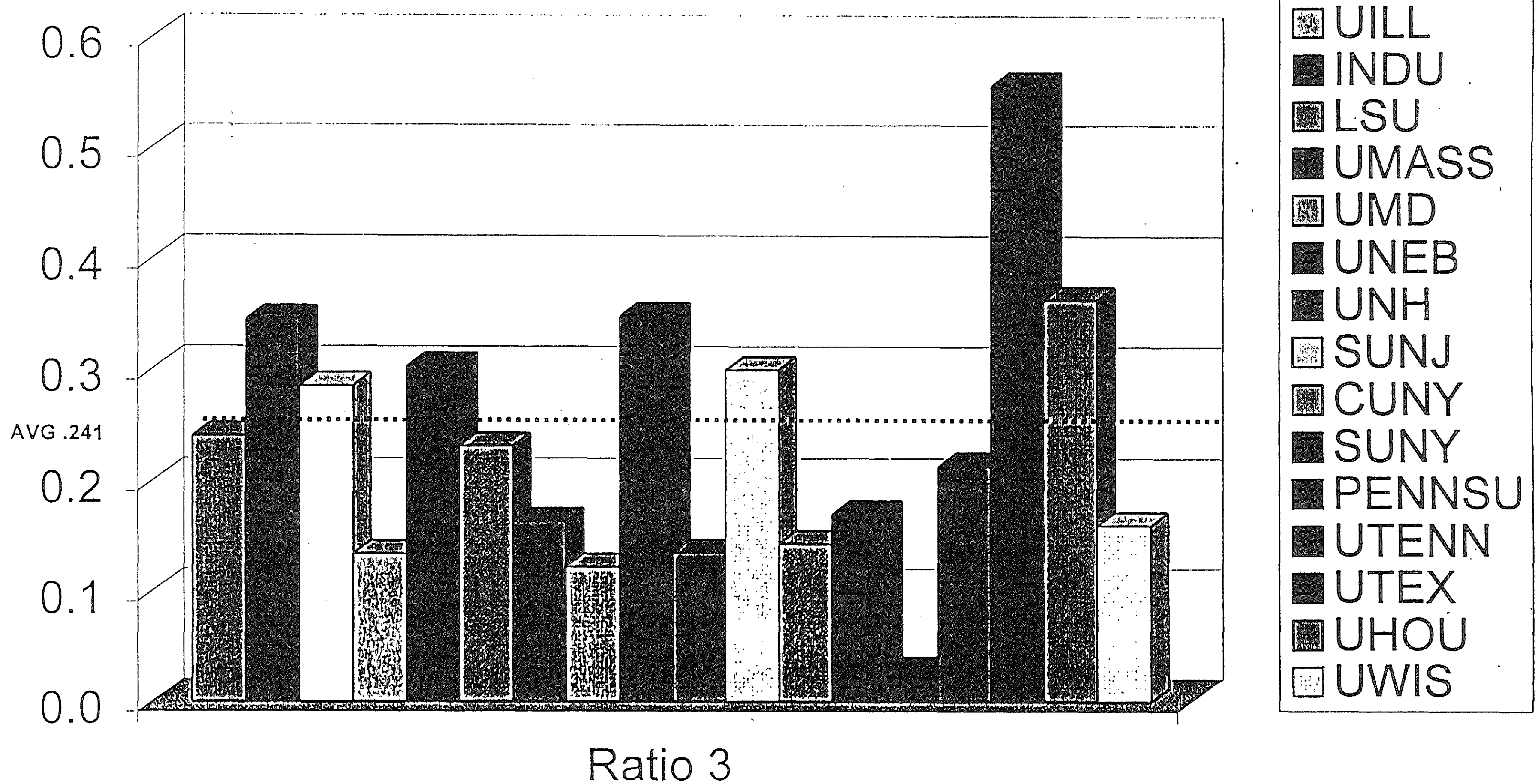
Expendable Fund Balances to Plant Debt



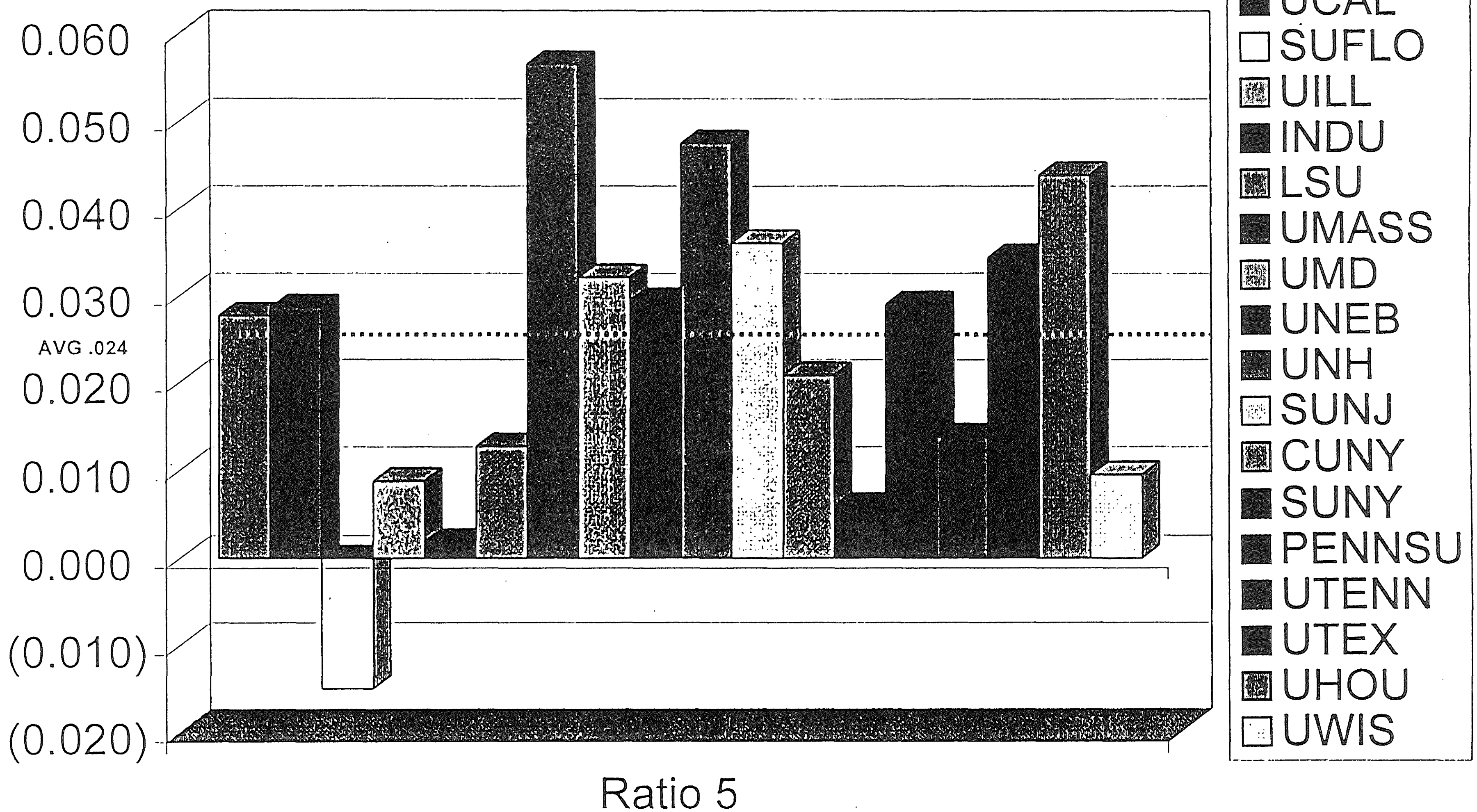
Attachment 1

Expendable Fund Balances to Total Expenditures and Mandatory Transfers

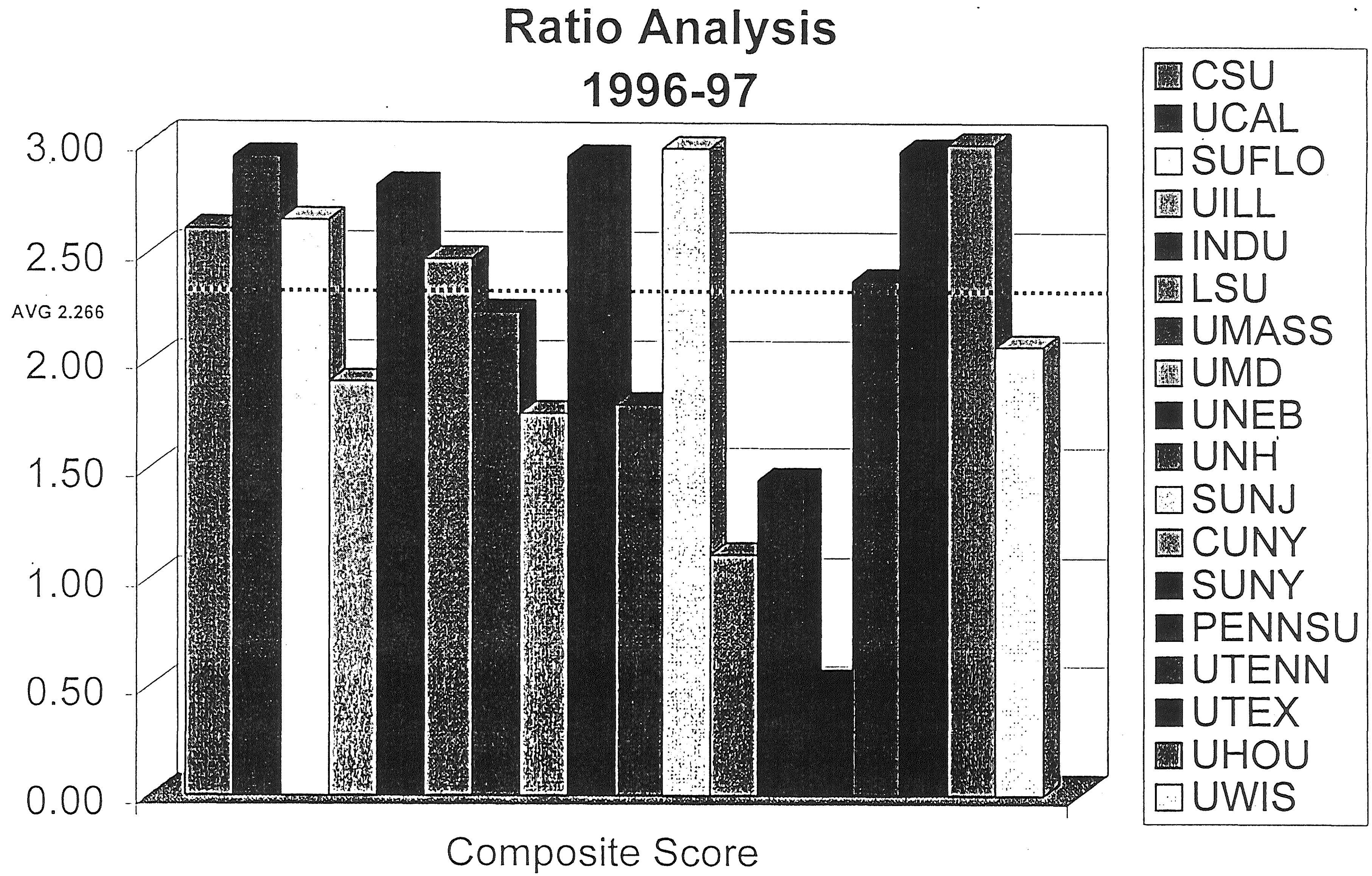


Attachment 2

Net Total Revenues to Total Revenues



Attachment 3



Attachment 4

UNIVERSITY OF WISCONSIN
Ratio Analysis
1992-93 THRU 1996-97
Composite Scores

	Balance Sheet Ratios		Net Operating Ratios	
	Ratio 1	Ratio 3	Ratio 5	
	Viability	Primary Reserve	Net Income	
NAME	Expendable Fund Balances to Plant Debt	Expendable Fund Balances to Total Expenditures and Mandatory Transfers	Net Total Revenues to Total Revenues	Composite Score Ranging from -1 (Financially Weaker) to 3 (Financially Stronger)
UNIVERSITY OF WISCONSIN				
1992-93 Financial Statements	0.642	0.181	0.008	2.18
1993-94 Financial Statements	0.692	0.190	0.017	2.28
1994-95 Financial Statements	0.719	0.193	0.021	2.30
1995-96 Financial Statements	0.685	0.201	0.016	2.33
1996-97 Financial Statements	0.509	0.160	0.009	2.07
Ratio Numbers correspond to "Ratio Analysis in Higher Education" published by Peat Marwick Main & Co. in 1987.				

Attachment 5

EXAMPLES OF BEST BUSINESS PRACTICES

INSTITUTIONAL EXAMPLES

Surplus Property Store

UW-Madison established a Surplus Property Store to dispose of University surplus property to other University departments, school districts and non-profits first and then to the general public. Many state agencies also use the Store to dispose of their surplus property. Materials are handled on consignment resulting in a return of 47% to departments. This is a significant financial incentive which moves surplus property out of valuable building space. In 1997-98, $570,600 of recycled goods were sold. This concept was adopted from Michigan State University and won a statewide environmental award competing with both the public and the private sector.

Prime Vendor Ordering

The Wisconsin Commission on Privatization recommended that the Best Business Practice for obtaining commonly used supply items is Just In Time delivery. UW-Madison changed to JIT for office supplies on July 1 and will be moving in that direction for lab supplies shortly. Madison will be using Prime Vendor Ordering off contracts recently awarded. This is slightly different than the JIT recommendation due to the logistical factors facing the Madison campus. Under JIT, a vendor would deliver the next day directly to the customer's site. Due to the traffic problems on the Madison campus combined with small loading docks at most buildings and narrow streets and alleys to contend with, the Prime Vendors deliver the goods to a central Materials Distribution Center. Materials are consolidated and delivered to the customer in smaller vans the day after the order was placed with the Prime Vendor. It is expected that customers will see a 30% price drop over current methodologies. The number of paper invoices is expected to decline by abut 100,000 per year which will allow Madison to eliminate two Accounts Payable invoice auditors.

Shared Risk Control Coordinator/Safety Officer

UW-Eau Claire and the City of Eau Claire have entered into an agreement by which they share the services of a Risk Control Coordinator/Safety Officer. The Coordinator is employed by the University, and the City purchases about one-half of the person's time. This arrangement is a particularly efficient use of resources because many City and University staff members require the same training to meet OSHA and State of Wisconsin requirements. Staff can be combined into single training sessions, saving time from both preparation and instruction. In addition to saving resources, this type of partnership enhances the positive relationship between the City and the University.

UW-Whitewater Financial Aid Processing

The Financial Aid Office has enhanced their automation processes during the last few years. Rather than reviewing all financial aid applications, only those applications chosen for verification by the federal processor and those applications not passing the initial edit program are reviewed manually. The "clean" applications go directly through the processing system thereby reducing the time spent on administrator review. The early identification of "no need" students has enabled the Financial Aid Office to offer Unsubsidized Direct Loans almost immediately upon receipt of the teletransmission of the application. Students may go to any Windows 95 computer to complete the financial aid application on the WEB. In addition, students may also choose to complete their applications on the EDExpress machine in the Financial Aid Office for those individuals needing more one-on-one individual help. By using either of these methods of applying for aid saves about two weeks of processing time for the applicant. Students are encouraged to view the UW-Whitewater website where they can find answers to many of their questions and to use e-mail which provides them immediate responses to their questions. These advancements have enabled the students to begin receiving award letters as early as April.

INTER-INSTITUTIONAL COLLABORATION

Systemwide Software Licensing

In February 1998, the UW System purchased a systemwide license for the ORACLE database management software that was necessary to support a number of systemwide initiatives. These initiatives included the UW Library System; UW Shared Financial System; Kronos Timekeeping (APPLES); Appointment, Payroll, and Benefits System (APBS); and the PeopleSoft Student Administration Systems being installed at a number of institutions. Each of the projects required the purchase of ORACLE database management software. The negotiation and purchase of an unlimited systemwide license in lieu of separate purchases of ORACLE for each project has resulted substantial cost savings and a more flexible licensing and support agreement. This purchase also allows the UW System and each individual institution to use ORACLE for new projects at no additional cost. The negotiation and purchase of this license was accomplished through the cooperation of a number of UW System and institutional staff members and the leadership and support of UW System Administration. It is estimated that by negotiating a systemwide license, the UW System saved about $1.5 million.

Common Student Information System

UW-La Crosse, UW-Oshkosh and UW-Whitewater, facing increased demands for information to support decision making and recognizing the weakness of their old and often modified legacy systems, were preparing to re-engineer their student information systems (SIS) to meeting requirements for transition into the next century. Realizing that diminishing fiscal and personnel resources would limit the growth of already thin programming staff, these three institutions joined together to develop a common SIS. The consortial effort was based on group purchasing power, capitalization on strength of each institution, agreement to keep the project on schedule, less costly and quicker development due to shared resources, leveraging small programming staff and moving forward on a Board of Regents suggestion of planning for common information systems and processes. The goal of the joint effort was to develop a common student information system while efficiently providing quality services and allow for institutional uniqueness and autonomy by utilizing emerging technologies. The Joint Application Designs (JADs) were completed in June 1996 and the result of those efforts were used to make the decision to acquire PeopleSoft SAS. A systemwide license has since been acquired and PeopleSoft is also the software product that is being used to create the new Shared Financial System.

Parking Citation Management

In 1996-97, the UW-Milwaukee Parking and Transit Department led a collaborative effort involving four other institutions within the System (Stout, Oshkosh, La Crosse and Whitewater) to achieve significant time and cost savings. A group purchase of new sophisticated parking citation management software, hand-held electronic ticket-writers, integrated point of sale cash registers and group training at all five institutions was undertaken. A single software/hardware specification was developed which met the requirements of each campus. This saved countless hours of time and money by eliminating the need for each campus to have to independently research and develop its own specifications. Tens of thousands of dollars were saved in the acquisition process through deeply discounted vendor pricing during the bid competition. The successful vendor also agreed to annually conduct an in-state users group meeting at its expense for all users of this software.

Shared Environmental Health and Safety Specialist Position

Through a cooperative program, UW-Eau Claire, UW-La Crosse, UW-Stout and UW-River Falls retain the services of an Environmental Health and Safety Specialist. This individual assists the Universities in addressing issues related to environmental health and safety in academic settings, including control of blood-borne pathogens and chemical storage, use and disposal. The shared position has proven to be a very successful venture for the four institutions and has provided a much needed service in a cost-effective manner. The person in this position led a project to recycle silver from photographic hazardous waste. It is estimated that silver reclaim process will save each campus over $4,400 per year. The process has similar application to any state institution or private business operating photographic laboratories. He received recognition for this project from the Governor.

Perkins Loan Management

UW-Eau Claire used to pay an outside agency $20,000 annually to manage its Perkins Loan Program. Five years ago, the University purchased Bermuda Software and with no increase in staffing, has been managing the $12 million portfolio locally. This change has saved the University money and has greatly increased service to students. UW-Eau Claire staff members have become experts in using the software and have provided demonstrations for UW-Madison, UW-Milwaukee, UW-Oshkosh, UW-Stevens Point and the University of Iowa. As a result, Stevens Point also implemented the change and is saving about the same amount of money on an annual basis ($20,000).

Budget Development Process

During the fall of 1996, the University of Wisconsin-Stout instituted an open, participatory budget process. It is used to identify critical budget priorities for the campus; allow for meaningful input and participation by faculty, staff and students; provide opportunity for governance and administrative groups to be involved in setting campus budget priorities; and increase the communication at all levels during the budget development process. The process itself is intended to facilitate planning and informed discussion; it is to encourage participation and proactive response to critical external and internal issues.

UW-Stout drew upon several resources as the campus process was being designed. Internal feedback was critical and sought throughout the development of the budget process. The campus also reviewed processes at other UW campuses, including UW-La Crosse, UW-Stevens Point, and UW-River Falls. In addition, material from the National Association of College and University Business Officers (NACUBO) was used. Finally, it was extremely beneficial for the campus to participate in the American Productivity and Quality Center's Institute for Education Best Practices and the Pew Higher Education Roundtable Program as a best practice partner in their Institutional Budgeting Consortium Benchmarking Project. This allowed participants from UW-Stout to share information with institutions from across the nation which strengthened their own design, process and procedures.

Cost Controls in Dining Services

UW-Stout staff participated in a workshop on cost controls in dining services at UW-Whitewater and presented by UW-Platteville staff. Dining Services staff, which includes full-time management, represented staff and student managers visit and tour the dining operations of a campus in the area. Visits typically include an explanation of services offered, a guided tour of service and production areas and the sharing of the newest ideas on campus. UW-River Falls, UW-Eau Claire and UW-Stevens Point have participated in such tours with UW-Stout. UW-Stout has also hosted tours of dining service management staff from other institutions. Information shared includes trends, methods of service and production, equipment and product news, staffing patterns, facility planning, dining plan details, marketing pieces, and menus. UW-Stout has also hosted tours of operations as related to ID card production and campuswide access system. Information shared included computer systems setup and use, organization/staff structure of the office, budget planning and equipment use.

Report on Base Salary Adjustments to
Recognize Competitive Factors Required by
s. 36.09(1)(j), *Wis.Stats.*

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Report on Base Salary Adjustments to Recognize Competitive Factors Required by Section 36.09(1)(j), Wisconsin Statutes, be accepted for transmittal to State Officials.

September 11, 1998 | Agenda Item I.2.d.

REPORT ON BASE
SALARY ADJUSTMENTS TO RECOGNIZE COMPETITIVE FACTORS

BACKGROUND

Section 36.09(1)(h) and Section 36.09(1)(j), Wisconsin Statutes, allow the University System to grant salary increases to recognize competitive factors. Section 36.09(1)(j) also provides that no later than October 1 of each year, the Board of Regents shall report to the Joint Committee on Finance and the Departments of Administration and Employment Relations concerning the amount of such pay increases granted, and the institutions at which they are granted for the 12-month period ending on the preceding June 30.

REQUESTED ACTION

Approval of Resolution I.2.d. to forward the Report on Salary Adjustments to Recognize Competitive Factors to the Legislative Joint Committee on Finance, the Department of Administration and the Department of Employment Relations.

DISCUSSION AND RECOMMENDATIONS

The table below summarizes the adjustments granted during 1997-98. Increases totaling $1,022,466 were granted to one hundred thirty six individuals at fourteen institutions during 1997-98.

	NUMBER OF ADJUSTMENTS	ANNUAL COST
MADISON	89	785,478
MILWAUKEE	13	31,011
GREEN BAY	4	23,175
LA CROSSE	1	9,117
OSHKOSH	6	25,465
PARKSIDE	1	7,268
RIVER FALLS	3	25,665
STEVENS POINT	4	23,122
STOUT	6	38,131
SUPERIOR	1	9,661
WHITEWATER	1	9,117
COLLEGES	1	8,969
EXTENSION	4	19,823
SYSTEM ADMINISTRATION	2	6,464
TOTALS	136	$1,022,466

Authorization to Recruit:
General Counsel
Office of the Board of Regents and
Office of the System President
University of Wisconsin System Administration

BUSINESS AND FINANCE COMMITTEE:

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the President be authorized to recruit for a General Counsel, at a salary that may exceed the Executive Salary Group Six maximum and the President is authorized to make such appointment within the approved salary range limits.

Request for Authorization to Recruit

Institution: University of Wisconsin System Administration

Type of Request: Proposed salary is above the maximum of Executive Salary Group 6 ($106,064 for 1998-99)

Official University Title: General Counsel

Description of Duties:

Provide legal services for all units of the UW System and serve as the liaison to the Office of the Attorney General. Provide counsel to the Board of Regents of the University of Wisconsin System and serve as special assistant for legal affairs to the UW System President. Serve as Assistant Trust Officer administering the university trust funds. Manage and direct the services provided by three attorneys and support staff in the Office of the General Counsel.

Recommended Salary Range: $108,015 to $132,019

Source of Funds: 301

Replacement Position for: Charles J. Stathas

Salary of Previous Incumbent: $111,940

Justification of Salary Range:

Commensurate with experience to attract qualified candidates. See attached market information.

Approved by:

Katharine Lyall

Katharine C. Lyall, President

September 2, 1998

Authorization to Recruit (Approved) (Denied)

by the Board of Regents on ______________________

Relevant Competitive Salary Information

General Counsel

Extraordinary Salary Range based on Senior Executive Salary Policy:

System Administration Peer Institutions		General Counsel 1997-98 Salary
California State University System		$160,728
City University of New York System		$113,009
State University of New York System		$121,475
State University System of Florida		$ 83,229
University of California System		$249,400
University of Maryland System		na
University of North Carolina System		$114,400
University of Texas System		$208,235
	MEAN	$150,068
	MEDIAN	$121,475

Estimated 1998-99 Peer MEDIAN (1997-98 +4%): $126,334

Board of Regents MEDIAN (95% of 1998-99 MEDIAN): $120,017

Board of Regents RANGE (+/- 10% of Median): **$108,015 to $132,019**

Category A Salary Range 11 for 1998-99: **$ 79,912 to $119,868**

CUPA 1997-98 Administrative Compensation Survey:
Reported Median Salaries at Doctoral Institutions

Largest doctoral institutions: **$134,200**

Inside hires at doctoral institutions: **$108,040**
Outside hires at doctoral institutions: **$106,032**

UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 1997-1998 - Fourth Quarter

FISCAL YEAR 1997-98	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
Total	48,465,510	39,754,172	1,196,380	62,846,365	41,127,926	383,437,598	71,076,527	647,904,478
Federal	21,113,544	26,070,900	0	7,181,939	0	256,911,962	63,911,735	375,190,080
Nonfederal	27,351,966	13,683,272	1,196,380	55,664,426	41,127,926	126,525,636	7,164,792	272,714,398
FISCAL YEAR 1996-97								
Total	41,720,930	37,107,510	1,784,833	51,118,581	12,204,580	380,969,872	69,520,715	594,427,021
Federal	18,596,032	20,531,218	504,747	8,233,431	513,715	264,502,190	61,652,356	374,533,689
Nonfederal	23,124,898	16,576,292	1,280,086	42,885,150	11,690,865	116,467,682	7,868,359	219,893,332
INCREASE(DECREASE)								
Total	6,744,580	2,646,662	(588,453)	11,727,784	28,923,346	2,467,726	1,555,812	53,477,457
Federal	2,517,512	5,539,682	(504,747)	(1,051,492)	(513,715)	(7,590,228)	2,259,379	656,391
Nonfederal	4,227,068	(2,893,020)	(83,706)	12,779,276	29,437,061	10,057,954	(703,567)	52,821,066

Contract for Radio Broadcast Rights
With Learfield Communications, Inc.

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the contract extension with Learfield Communications, Inc.

CONTRACT FOR RADIO BROADCAST RIGHTS WITH LEARFIELD COMMUNICATIONS, INC.

EXECUTIVE SUMMARY

BACKGROUND

UW-Madison is prepared to extend the contract with Learfield Communications, Inc., for exclusive radio broadcast rights with respect to football, basketball and volleyball games involving UW-Madison teams.

REQUESTED ACTION

That upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the contract extension with Learfield Communications, Inc.

DISCUSSION

In 1994, the Regents approved a broadcast rights contract with Learfield, which was awarded following an open, competitive Invitation to Submit Proposals process. The initial term of the contract was three years, with two option years. UW-Madison exercised its renewal options, so that now the contract is set to expire on August 15, 1999. UW-Madison seeks Regents approval to extend the contract for two additional years, through August 15, 2001. Board of Regents policy requires Regent approval when a contractual agreement with a private for-profit organization exceeds $500,000.

UW-Madison feels there are compelling business and financial reasons to extend Learfield's contract. Learfield's performance under this contract has been outstanding. Payments to UW-Madison have increased 57% during the first four years of the contract, from $470,688 in Year 1 to $739,172 in Year 4. By comparison, payments under the contract with the preceding vendor increased only 11% during the entire five-year term of that contract (from $305,000 in Year 1 to $340,000 in Year 5). Much of this increase is from revenue-sharing of Learfield's advertising sales. If UW-Madison is able to extend the contract for two years, Learfield proposes to increase the base rights fee by $100,000 for the first year, and $125,000 for the second year. Even if advertising revenues remain constant, UW-Madison would receive a total of $815,000 in Year 6 and $840,000 in Year 7.

Learfield has produced a quality broadcast and has built a strong business relationship with advertisers and the nearly sixty radio stations on its broadcast network. The uncertainty created by putting this contract out for bid at this time may negatively impact the relationship that Learfield has cultivated with its advertisers and affiliates, and may prevent Learfield from offering the same financial guarantees and revenue-sharing potential over the next two years as it has offered if the contract is extended. It is also unlikely that another vendor would be able to match Learfield's financial commitment. UW-Madison believes that the continuity maintained through a contract extension with Learfield would be beneficial to the Division of Intercollegiate Athletics and would be in the best interests of UW-Madison.

RELATED REGENT POLICY

Regent Resolution 7548, dated September 5, 1997, Authorization to Sign Documents.

ADDENDUM # 1
to the
SUITE LICENSE AGREEMENT

By means of this Addendum, the University and Suite Holder agree to extend this License through June 30, 2000. As such, a payment of $35,000 is due on or before July 1, 1999 for the period July 1, 1999 through June 30, 2000.

Board of Regents of the University
of Wisconsin System

By:______________________________

Title:______________________________

Date: ______________________________

Learfield Communications, Inc.

By:______________________________

Title:______________________________

Date: ______________________________

EXCLUSIVE BROADCAST AGREEMENT FOR UNIVERSITY OF WISCONSIN-MADISON INTERCOLLEGIATE FOOTBALL, BASKETBALL AND VOLLEYBALL

This Agreement is made and entered into as of the 15th day of August 1994, by and between Learfield Communications Inc. (Learfield) and the BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM on behalf of the Division of Intercollegiate Athletics of the University of Wisconsin-Madison, a nonprofit institution of higher education organized under the laws of Wisconsin ("University").

RECITALS

WHEREAS the University has determined that it is in the best interests of the institution to provide for a state-wide radio network for broadcasting all Men's varsity intercollegiate football and basketball games and certain women's varsity basketball games and volleyball games; and,

WHEREAS the University has determined that an exclusive license to broadcast such games would best provide a state-wide radio network; and,

WHEREAS after requesting and reviewing written plans detailing a state-wide radio network for such broadcasts through a process that provided full and fair opportunity for all interested parties to compete for the exclusive license, the University has determined that Learfield's plan best serves the interests of the University.

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained therein, the parties agree as follows:

I. MUTUAL COOPERATION

This Agreement is to be entered into with a spirit of mutual cooperation by both parties. The University and Learfield will agree to discuss the broadcasts and any unforeseen problems which may develop to the end that mutually satisfactory solutions shall be obtained.

II. AGREEMENT TERM

2.1 Term. This Agreement is effective on the date it is signed on behalf of all the parties. It shall begin with the 1994 football season and run to August 15, 1997, and the University shall have the option to renew for two additional one-year periods.

2.2 Option Notice. If the University does not intend to exercise its option to renew this Agreement for the fourth year, University will so notify Learfield in writing on or before July 1, 1996. If the University does not intend to exercise its option to renew this Agreement for the fifth year, University will so notify Learfield in writing on or before July 1, 1997.

III. EXCLUSIVE RIGHTS TO BROADCAST

3.1 University grants to Learfield, subject to any restrictions and modifications set forth herein, the exclusive and non-assignable right to make live radio broadcast of all University varsity intercollegiate football games and men's basketball games, as well as a limited number of women's basketball games and volleyball matches during the regular season schedule of such teams during the term of this contract, provided that said rights shall not be exclusive as to any game or games selected for broadcasting by any national network or which otherwise must be nonexclusive because of contracts, rules, regulations or other commitments governing University as a result of its affiliation with the National Collegiate Athletic Association and the Big Ten Conference.

3.2 Rights to the games specified in this contract are exclusive of all other individual and independent networks except those designated as originating stations or networks of and by University's opponent in each game.

3.3 University agrees to designate Learfield as University's exclusive radio broadcast Agreementor when pertinent to NCAA, NIT, Big Ten, all pre-season or regular-season single games and tournaments, bowl games and any other post-season competition in which University football, men's basketball, women's basketball and volleyball compete during the term of this contract.

3.4 All rights to reproduce, distribute and use taped reproductions of game broadcasts and additional programming or any portion thereof, originating under this proposal and resulting contract shall be owned solely by the Board of Regents of the University of Wisconsin System.

3.5 Learfield agrees to assign, convey and transfer to the University any and all copyrights in and to the game broadcasts and additional programming or any portion thereof, and further agrees to execute any documents reasonably required by the University to effectuate the transfer of any such copyrights to the University.

3.6 Except as authorized by the scope and terms of this contract, no reproduction, distribution, or use at any time, in anyway, commercial or otherwise, of such game broadcast and additional programming tapes, recordings, intellectual content, or any portion thereof, shall be permitted without the express written consent of the University. This restriction shall remain in full force and effect both during and shall survive the expiration of the contract. Within thirty (30) days after the end of each season, Learfield shall provide at no charge to The University of Wisconsin-Madison Athletic Department, a complete tape of each football, and men's basketball, women's basketball, and volleyball broadcasts.

3.7 The exclusive rights granted by this Agreement are for commercial, live radio broadcasts of athletic events. Highlight excerpts, not to exceed 60-seconds duration, may be used on a non-exclusive basis by Learfield in a sportscast or in spots promoting the radio network, without requiring specific permission of the University.

3.8 University reserves the right for its student station (WLHA) to originate home games during the university's regular men's and women's sports seasons. The reservation of the foregoing right shall only be in effect so long as the University's student station maintains a noncommercial format and is used as an educational tool for the University's students and is owned and operated by University.

3.9 Notwithstanding anything in this Agreement to the contrary, the University shall retain the right to license other persons or entities to broadcast University football games occurring in Camp Randall Stadium (or in any other stadium in which a "home" University football game is played) through closed-circuit broadcasts which are designed primarily for persons in attendance at the game or persons in locations not generally served by commercial broadcast, including but not limited to airplanes.

IV. UNIVERSITY RESPONSIBILITIES

4.1 Football and Basketball Game Tickets. During each football season of the term of the Agreement, University shall provide to Learfield, five hundred (500) at no cost football tickets to one (1)
University home football game, the particular game to be chosen by Learfield within thirty (30) days from Learfield's receipt from University of a list of three games proposed by the University to Learfield by no later than March 1 of each year. In addition, during each football season of the term of the Agreement, University shall provide Learfield, at no cost or expense to Learfield, fifty (50) season tickets to all University home football games. University will use its best efforts to cooperate with Learfield in order that Learfield may purchase additional football tickets if available for all regular season home games and for all special events including, but not limited to, bowl games. Learfield shall also have the right to purchase ten (10) season men's basketball tickets. The location of all tickets provided at no cost to Learfield or purchased by Learfield shall be determined by University.

4.2 Post Season Football and Men's Basketball Games. Learfield will be the party nominated by University to broadcast any games in those playoff, bowl or other post season football or men's basketball games for which University has the right to nominate a broadcaster. Once nominated by University to the organization sponsoring the playoff or post season event, Learfield shall enter into any broadcast contract made available by the sponsoring organization and comply with all conditions and rates of the contract so entered between Learfield and the sponsoring organization of the event(s) being broadcast. If University plays in any post season football or basketball games, including but not limited to bowl games, Big Ten Tournaments and the NCAA men's basketball tournament, it shall use its best efforts to obtain the radio broadcast rights for such game(s) for the Wisconsin Badger Network which would be responsible for all cost associated in the broadcast including but not limited to rights, fees and broadcast talent expenses.

V. LEARFIELD RESPONSIBILITIES

5.1 Coverage and Preemption.

(a) See Learfield Plan Response Section B.3, Attachment #1.

(b) Learfield will provide live origination and live distribution for all University home and away varsity football and men's basketball games, including post season or tournament games, women's varsity basketball games, and volleyball as outlined in Learfield Plan Response Section B.3, Attachment #1.

(c) Except as provided in paragraph 5.1(e), Learfield and the network affiliate for the Madison market will broadcast all University home and away varsity football games and varsity men's basketball games live. In addition, Learfield and the Madison network affiliate will broadcast women's varsity basketball games live and volleyball as outlined in Learfield Plan Response Section B.3, Attachment #1, such games to be scheduled and negotiated between the parties.

(d) Subject to the provisions of subparagraph (f), Learfield will provide live origination and live distribution to all network affiliates. It is the intent of Learfield to secure network affiliates that will broadcast all University home and away varsity football games live and men's varsity basketball games and women's varsity basketball games live as scheduled and negotiated between Learfield and the University. Notwithstanding anything contained in this subparagraph (d) to the contrary, Learfield's obligations under this subparagraph (d) shall be subject to local conflicts of affiliates which may prevent the foregoing distribution.

(e) If Learfield or the network affiliate for the Madison or Milwaukee market is unable to provide live broadcast for any football or men's basketball game due to preemption because of contractual commitments in existence on July 1, or any renewal thereof, Learfield shall notify the University prior to the beginning of the football or basketball season, respectively. For each such preempted game, the University and Learfield will mutually determine the resolution of the conflict. The parties agree that join-in-progress or shifting the game live to another station in the market with the transfer being heavily promoted on both stations are the preferred resolutions and that tape delay will be utilized only when the other resolutions are unavailable.

(f) Learfield will require all other network affiliates to notify Learfield if the affiliate is unable to broadcast any varsity football or men's basketball game live and to provide reasons why the game is not carried live. Upon request, Learfield will provide such information to the University for review.

(g) Any agreements between Learfield and affiliates on a statewide network must be approved in advance by the University, whose approval shall not be unreasonably withheld.

(h) On a regular basis at such times as are mutually agreeable to Learfield and University, Learfield will submit a report to the University summarizing the performance of Learfield and the network affiliates under this Article. The report shall set forth the number of football games preempted, the resolution of such conflict and the number of games which each network affiliate broadcasted live. A like report will be submitted within forty-five (45) days following the date of the last varsity men's basketball game.

(i) Learfield shall furnish all supplies, equipment, management and labor necessary for the efficient operation of radio broadcasting included in this Agreement.

(j) Learfield agrees that items relative to radio broadcasting not covered herein may be added by the University to this Agreement without voiding provisions of the existing Agreement. Additional services shall be furnished to the University by Learfield with additional consideration as needed to make it legally enforceable.

(k) Learfield shall be financially responsible for obtaining all required permits, licenses, and bonds to comply with pertinent Board of Regents, University of Wisconsin System regulations, and municipal, county, state and federal laws, and shall assume liability for all applicable taxes including but not restricted to sales and property.

(l) University acknowledges and agrees that it may be in both its and Learfield's best interests to add a station or stations to the network even if the station which is to be added does not agree to provide a live broadcast of all football and men's varsity basketball games. University further acknowledges and agrees that if in order to provide coverage of a football or men's varsity basketball game by such a station, the station is unable or unwilling to provide the same promotional airtime for the University as otherwise provided by the other affiliates on the network, that it would still nevertheless be in its and Learfield's best interests to live broadcast the game on such station.

(m) University shall provide without cost to Learfield parking passes to all football and men's varsity basketball games in order that Learfield can carry out its obligations under this Agreement and University shall further provide to Learfield without cost to Learfield such other passes and/or credentials for the personnel that may be necessary to carry out its obligations under this Agreement.

5.2 Cost Assumption. Learfield is responsible for all expenses associated with the origination, and distribution of the broadcasts. This may include, but is not limited to, talent fees, travel, loading, phone lines, satellite space, and any other items of expense associated therewith.

5.3 Program Quality and Content.

(a) Learfield and affiliates must deliver a clean, superior broadcast signal per FCC rules and regulations. All affiliates must have evening power (broadcast after 6:00 pm.). Learfield will be responsible for all production matters pertaining to home and away games. This may include, but is not limited to, press releases, personnel and any other items of expense associated therewith.

(b) Learfield must maintain a state-wide network and to sustain it financially, including the markets of Milwaukee, Madison, Green Bay, Wausau, Eau Claire, La Crosse, Racine/Kenosha, Stevens Point/Wisconsin Rapids, Rhinelander/Park Falls, Superior/Ashland, Platteville/Prairie du Chien, Beloit/Janesville and any other available markets.

(c) Learfield is responsible for the talents and services of play-by-play and analysis announcers, respectively, for all football and basketball games. Such talent must be approved by the University prior to the broadcast season provided, however, that such approval shall not be unreasonably withheld. The University will respond to Learfield's proposed play-by-play and analysis announcers within three (3) weeks after receipt. Learfield will be responsible for securing media credentials for away games, although the University's sports information office will provide assistance should difficulties arise.

(d) The format of all network programming must be approved prior to each season with the University, provided, however, that such approval shall not be unreasonably withheld. The University will respond to Learfield's proposed format within three (3) weeks after receipt. If, as a result of action by the NCAA, the State of Wisconsin or the Federal Government, the University is required to institute changes in the format of network programming which would have significant impact on Learfield's revenue, the University will provide written notice of such change at least one (1) year prior to the effective date of such change. If the University is unable to provide at least one (1) year's notice, the

University agrees to renegotiate, in good faith, the rights fees. If, as a result of action by the NCAA, the State of Wisconsin or the Federal Government, the University is required to institute changes in the format of network programming which would have a significant impact on Learfield's revenue, the University agrees to renegotiate the rights fees in accordance with the terms of part I of this Agreement.

(e) The content of all programming will comply with applicable FCC Rules and Regulations.

5.4 Technical Production Equipment and Quality of Broadcast. Learfield will produce the broadcasts using personnel, equipment and technology in keeping with all current applicable FCC Rules and Regulations.

5.5 FCC and Other Regulations. Learfield will operate the network in a manner in strict compliance with all applicable Federal Communication Commission regulations and all applicable rules and regulations of the Big Ten Conference, the National Collegiate Athletic Association (NCAA), and the University. If the University believes that Learfield is not complying with any rule or regulation of the Big Ten Conference, the NCAA or the University, the University shall notify Learfield in writing via certified mail of such violation. Such notice shall include a copy of such rule or regulation. University agrees that if changes in its rules, regulations, and policies occur, or if changes in a NCAA or Big Ten policy occur and either or both of such changes materially affect Learfield's ability or right to broadcast the number of games contemplated by this Agreement, University agrees to negotiate with Learfield in accordance with the terms of part I of this Agreement.

5.6 Securing Affiliates.

(a) Learfield will develop and maintain a state-wide network, including the markets of Milwaukee, Madison, Green Bay, Wausau, Eau Claire, LaCrosse, Racine/Kenosha, Stevens Point/Wisconsin Rapids, Rhinelander/Park Falls, Superior/Ashland, Platteville/Prairie du Chien, Beloit/Janesville and any other available markets. Unless otherwise approved by the University, all affiliates must have evening power (broadcast after 6:00 p.m.)

(b) Learfield will provide for University review and approval a list of network affiliates by July 1 for the first broadcast year and on or before June 1 preceding each subsequent broadcast year.

5.7 Coaches' Shows.

(a) Learfield will work with University's head men's basketball coach and head football coaches in producing and distributing a weekly coach's show. Learfield may also work with the coaches regarding specifics of pre-game and post-game radio shows. The contractual specifics of these shows should be negotiated with the coaches.

(b) Note that coaches' shows are private business ventures solely between Learfield and each coach.

(c)Learfield may not cause the coaches to either modify or cancel any existing contract the coaches may have with any other broadcaster.

5.8 Promotion and Marketing.

(a) For purposes of promotional and marketing activities, the broadcast year shall commence on August 1 and end on the next July 31.

(b) Initial promotional and marketing activities for the first broadcast year are set forth in Learfield Plan Response, Section B.4, Attachment #2. In addition, the University reserves the right to add activities contained in Learfield's plan submitted in response to AN INVITATION TO SUBMIT PLANS FOR EXCLUSIVE PUBLIC RADIO BROADCASTING (issued June 18, 1993 by the University); such plan is attached as Attachment B. Promotional and marketing activities may however be modified by the mutual agreement of University and Learfield.

(c) Learfield agrees that the promotion and marketing activities for the first broadcast year represent the minimum acceptable effort.

(d) Learfield recognizes that the network affiliate for the Madison market is critical to the promotion and marketing of University athletics. Therefore, Learfield agrees to consult with the University prior to establishing the promotional plan of the Madison affiliate and further agrees to assure promotional and marketing activities at the levels agreed to for the first broadcast year as the minimum acceptable effort for succeeding broadcast years.

(e) The University has the right to review and approve all promotional and marketing activities undertaken by Learfield or any network facility under this Agreement.

(f) On or before May 1 of each broadcast year, Learfield shall submit a report to the University setting forth the promotional and marketing activities carried out by Learfield and the network affiliates since the preceding August 1.

(g) Learfield agrees not to use promotional or marketing material which state expressly or by fair implication that the University endorses either Learfield or any sponsor of such material (See Chancellor's Campus Policy on Advertising). For the promotional and marketing activities set forth in Learfield Plan Response, Section B.4, Attachment #2, or such other activities as are authorized in writing by the University, Learfield is authorized to use logos, symbols and such other indicia as are licensed by the University as an agent under the University's institutional license. Learfield agrees to affix the trademark symbol to any use of the licensed indicia of the University. The University shall provide notice to Learfield if additional indicia are added. Learfield agrees not to sell novelty or other items using such marks unless the items are purchased from a licensed vendor or Learfield receives a license from the University's licensing agent.

(h) During the term of the Agreement and for such period of time preceding the 1994 University football season as Learfield deems appropriate, University agrees to allow Learfield the reasonable use, without a charge of any kind, including but not limited to any royalty, license or similar fee, of University logotype(s), name and artwork for the express purpose of promoting the Wisconsin Badger Network which may include a variety of tie-ins with sponsors, including point of purchase merchandising, but may not include sale of merchandise with the University logotype, so long as such use is approved, and such approval will not be unreasonably withheld, in advance by the UW-Madison Office of Trademark Licensing and is in compliance with current UW-Madison, Big Ten and NCAA policies and procedures.

(i) News releases pertaining to this Agreement may not be made without the prior written approval of the University.

5.9 Innovations.

Learfield Plan Response Section B.5, Attachment #3.

VI. SPONSORS

6.1 Review. The University reserves the right to review and approve any of Learfield's Network advertising sponsors associated with University intercollegiate athletic events broadcasts provided, however, that such approval shall not be unreasonably withheld. The University will respond to Learfield's proposed network sponsors within three (3) weeks after receipt. University acknowledges that the disapproval of a network sponsor may result in a material decrease in the anticipated Net Advertising Revenue which in turn may affect the supplemental fees described in Part XIV of this Agreement. University therefore agrees that upon the occurrence of any such disapproval it will negotiate in good faith with Learfield to address and resolve the impact of such disapproval.

6.2 Advertising Ban. If the NCAA or the State of Wisconsin or the Federal government institutes a ban which would significantly reduce the revenue potential of the broadcast by prohibiting any beer and wine advertising sponsorship of the broadcast of intercollegiate events, Learfield may request renegotiation of the rights fees. The University agrees to renegotiate such fees in good faith. Any such renegotiation will apply only to broadcast years commencing after any such ban takes effect.

VII. INSURANCE REQUIREMENTS

7.1 Liability Coverage. During the term of the Agreement, the Learfield shall maintain, as a minimum, the following insurance coverage held with an insurance company licensed to do business in the State of Wisconsin.

Comprehensive General Liability (CGL):	$250,000 Bodily Injury/Occurrence (B
-and-	$500,000 Bodily Injury/Aggregate (BI
-and-	$250,000 Property Damage (PD)
-or-	$500,000 Combined Single Limit
Automobile Liability (AL):	Same as Comprehensive General
Workers Compensation	Statutory Limits
Employer Liability (WC):	$100,000 ea. accident by accident
(Coverage B)	$100,000 ea. person by disease
	$500,000 policy limit by disease. The requirement does not apply to family businesses, partnerships, or sole proprietorships where individuals other than the owners or their family members are employed.

7.2 Insurance Certificates. Certificates of Insurance shall be signed by an authorized agent and sent to Risk Management, 720 University Avenue, Madison, WI 53706 prior to Agreement award.

If applicable, Learfield shall also provide certificates of liability insurance covering related subcontracts with the University. Insurance requirements apply to all subcontractor.

7.3 Waiver for Care, Custody, or Control Exclusion. The University may require that the Comprehensive General Liability insurance certificate contain a statement from the insurer, that for this Agreement it waives any care, custody or control exclusion in its policy.

7.4 Notice of Insurance Modification or Cancellation. Policies shall contain a covenant requiring 30 days written notice to Risk Management before cancellation, reduction or other modifications of coverage. The Comprehensive General Liability Insurance and Automobile Liability Insurance policies shall be primary and non-contributing, without any severability of interests clause in respect to gross liability, protecting each named insured as though a separate policy has been issued to each.

7.5 Insurance Renewal. Learfield shall advise insuring agencies to automatically renew all policies and coverage to the specified coverage levels.

VIII. HOLD HARMLESS

The Board of Regents of the University of Wisconsin System agrees to provide liability protection for its officers, employees and agents while acting within the scope of their employment. The Board of Regents further agrees to hold harmless Learfield, its officers, agents and employees from any and all liability, including claims, demands, losses, costs, damages, and expenses of every kind and description (including death), or damages to persons or property arising out of or in connection with or occurring during the course of this agreement where such liability is founded upon or grows out of the acts or omissions of any of the officers, employees or agents of the University of Wisconsin System while acting within the scope of their employment where protection is afforded by ss. 893.82 and 895.46(1), Wis. Stats.

VIX. RISK OF LOSS OR DAMAGE OR ERROR

9.1 Risk of Loss. (a) The University shall be relieved from all risks of loss or damage to materials or equipment during the entire time the material or equipment is in possession of Learfield.

(b) Should the materials or equipment be lost or damaged under such circumstances, where the University is relieved from the risk of loss or damage, Learfield shall immediately cause the damaged materials or equipment to be repaired or replaced at no cost to the University.

(c) If during the period of the Agreement, there is negligence by the University, in the handling or security of Learfield's equipment which results in loss or damage, the University shall be liable for the replacement of the equipment at fair market value.

9.2 Error. If Learfield failed to notify the University of a known error in the Invitation to Submit Plants for Exclusive Public Radio Broadcasting or an error that reasonably should have been known to Learfield, Learfield is not entitled to compensation or concessions by reason of the error or its correction.

X. SAFETY REQUIREMENTS

All material, equipment and supplies provided by Learfield for the performance of this Agreement must comply fully with all safety requirements set forth by the Wisconsin Administrative Code, the Rules of the Industrial Commission on Safety and all applicable OSHA Standards.

XI. DISCLOSURE

11.1 Public Official. If a public official is defined in Section 19.42 Wisconsin Statutes, or an organization in which a State public official holds at least 10% interest, is a party to this plan, the Agreement is voidable by the University unless appropriate disclosure is made to the State of Wisconsin Ethics Board, 125 South Webster Street, Madison, WI 53703 (Telephone: 608/266-8123).

11.2 Law. If Learfield should discover any provision in the Agreement that is contrary to or inconsistent with the law, ordinance, order or decree, Learfield shall immediately report it to the University in writing.

XII. Agreement ADMINISTRATOR

12.1 University.

(a) The contract administrator for the University is:

Vince Sweeney
Director of Marketing
1440 Monroe Street
Madison, WI 53711

(b) The contract administrator for the University is authorized to give the approvals required under this Agreement on behalf of the University.

(c) Day-to-day operations will be handled by Vince Sweeney.

12.2 Learfield. The contract administrator for Learfield is:

Roger L. Gardner
Vice President
P.O. Box 104180
Jefferson City, MO 65110-4180

12.3 Communications. All communications shall be made in writing and, except as provided in 12.5, sent by first class mail, postage prepaid to the contract administrator and, in the case of communications to the University, with a copy to:

T.J. Sailor
Director of Purchasing Services
750 University Avenue
Madison, Wisconsin 53706-1490

12.4 Changes. The designee as contract administrator may be changed by either party from time to time by a notice mailed as set forth above.

12.5 Certified Mail. Notices under paragraph 2.2, Article XVI and paragraph 17.7 shall be by certified mail.

XIII. PERSONNEL, EMPLOYMENT AND STAFFING

13.1 Learfield shall appoint a Agreement Administrator to consult with the Athletic Department to act with full authority on Learfield's behalf in all matters pertaining to Agreement requirements.

13.2 Learfield shall be responsible for personnel relations of payrolled employees. Learfield shall comply with all applicable government regulations related to employment, compensation and payment of personnel.

13.3 Learfield shall have in their employ, sufficient qualified and competent personnel to perform work promptly and in accordance with radio broadcasting requirements.

XIV. FISCAL REQUIREMENTS

Payments to the University by Learfield will include the annual cash rights fee, supplemental fees, and affiliate rights fees.

14.1 Annual Cash Rights Fee is as follows:

The annual cash rights fee payable to the University will be the greater of the Annual Cash Rights (Fee Option 1) or the Annual Cash Rights Fee (Fee Option 2).

Except for any supplemental fees, the Madison Affiliate Rights Fee and the Milwaukee Affiliate Rights Fee, Learfield shall pay the annual cash rights fee each year of the term of the Agreement beginning with the year 1994 to the University Athletic Department in four equal amounts on the following dates: October 30, December 30, March 30 and June 15 and on these dates each year thereafter. Any amounts owed for supplemental rights fees and/or the Madison Affiliate Rights Fee and the Milwaukee Affiliate Rights Fee shall be paid on June 15 of each year beginning with the year 1995. The payment by Learfield of the annual cash rights fee each year, any supplemental fees, the Madison Affiliate Rights Fee and the Milwaukee Affiliate Rights Fee is intended to encompass all of Learfield's financial requirements or obligations to University. Any rights fee not paid on the required date due shall be subject to the payment of a minimum interest penalty on such amount from and after such due date at the prevailing interest percentage and conditions that the State of Wisconsin then uses for delinquent income tax.

14.1a FEE OPTION 1:

1994-95	$380,000
1995-96	$395,000
1996-97	$399,000
Option Year	
1997-98	$410,000
Option Year	
1998-99	$410,000

These dollar amounts represent the Minimum total fee each year. Supplemental fees are in addition to these totals.

FEE OPTION 2:

1994-95	$250,000
1995-96	$257,000
1996-97	$265,000
1997-98	$275,000
1998-99	$275,000

As part of Fee Option 2, the University each year would receive 100% of the Madison Affiliate Rights Fee's and the first $35,000.00 in Milwaukee Affiliate Rights Fee's.

Supplemental Fee. Supplemental fees include revenue sharing and vendor/supplier sponsorships as defined in Learfield's Plan Response, section B.2. With respect to revenue sharing, Learfield will share with the Athletic Department 50% of the Net Advertising Revenues (Gross less agency commission and promotional costs) when those revenues exceed the following levels:

Season	Revenue Level
1994-95	$600,000
1995-96	$625,000
1996-97	$650,000
1997-98 Option	$650,000
1998-99 Option	$650,000

With respect to vendor/supplier sponsorship, Learfield will pay 30% of the net revenue to the University in those instances when the University requires or encourages a company to purchase a sponsorship on the Badger Network. Any advertising revenue from the sale of the local inventory in the Milwaukee market is not to be included in the calculation of the supplemental fee which might be due University by Learfield.

Affiliate Rights Fee. Any amounts owed under Article XIII for Affiliate Rights Fee will be paid on June 15 of each year beginning with the year 1995.

XV. RESERVATION OF RIGHTS

15.1 Reciprocity. The University reserves the right to grant reciprocal broadcast facilities at home games to an outlet or outlets designated by the visiting team as the official originating station or stations for the broadcast of the visitor's athletic events.

XVI. TERMINATION

16.1 Failure to maintain the required Certificates of Insurance may be cause for contract termination. If Learfield fails to maintain and keep in force the insurance as provided in Section A., VII, the University shall have the right to cancel and terminate the Agreement without notice.

16.2 Integrity of Network; Liquidated Damages. The integrity of the network must be maintained intact during the life of the Agreement. If Learfield fails to maintain the network in the markets 8identified under paragraph 5.6(a), the University may terminate it and liquidated damages (not as a penalty or a forfeiture) in the amount of 100% of all amounts remaining due under the Agreement for the Broadcast Year in which the termination occurs, shall be immediately due and payable by Learfield to the University. In the event of such termination of the Agreement the University shall retain the right to immediately negotiate with another resource for the completion of the Agreement, and all rights due to Learfield under the terminated Agreement shall transfer to the new Learfield without penalty.

16.3 For Cause. If Learfield fails to perform under the material terms of this Agreement or to maintain or keep in force any of the material terms and conditions of this Agreement, University will notify Learfield in writing via certified mail of such failure and demand that the same be remedied within thirty (30) days. Should Learfield fail to remedy the same within said period, the University has the right to terminate this Agreement by giving Learfield sixty (60) days written notice. In addition, if at any time a petition in bankruptcy shall be filed against Learfield and such petition is not dismissed within ninety (90) days, or if a receiver or trustee of Learfield's property is appointed and such appointment is not vacated within ninety (90) days, the University has the right, in addition to any other rights of whatsoever nature that it may have at law or in equity, to terminate this Agreement by giving thirty (30) days notice in writing of such termination.

16.4 Funds. The University may discontinue this Agreement, in whole or in part, without penalty at any time due to non-appropriation of funds

16.5 Force Majeure. Learfield's failure to perform hereunder shall not give rise to University terminating this Agreement and Learfield's failure to perform shall be excused if such nonperformance is the result of a Force Majeure which for purposes of this Agreement means any act of god, inevitable accident, fire, lockout, strike or other labor dispute, riot or civil disorders, and inclement weather or other unavoidable cause.

XVII. MISCELLANEOUS

17.1 Incorporation of Documents. The University's Invitation to Submit Plan, the Learfield's plan response, written communications and this Agreement constitutes the entire contract between the parties. The hierarchy of documents in descending order for resolution is as follows:

A. This Agreement
B. Invitation to Submit Plan #95-4008, dated 6-18-93 and subsequent addendum 1 and 3
C. Response received
D. Written communications

Any conflict of terms shall be governed by the highest listed document.

17.2 Applicable Law. This Agreement shall be governed and interpreted under the laws of the State of Wisconsin. Learfield shall at all times comply with and observe all federal and state laws, local laws, ordinances and regulations in effect during the period of this Agreement which affect the work or its conduct.

17.3 Resolution of Disputes. Any dispute arising under this Agreement may, at the option of the University, be subject to arbitration as provided in Wisconsin Statutes Chapter 788.

17.4 Separability. If any provision of this Agreement shall be, or shall be adjudged to be, unlawful or contrary to public policy, then that provision shall be deemed to be null and separable from the remaining provisions, and shall in no way affect the validity of this Agreement.

17.5 Waiver. A waiver by either party of any of the terms or conditions, provisions, or covenants of this Agreement in any instance shall not be deemed or construed to be a waiver of any such term, condition, provision, or covenant for the future, or of any subsequent breach of same. All remedies, rights, undertakings, obligations, and agreements contained in this Agreement shall be cumulative and shall not be in limitation of any other right, remedy, undertaking, obligation, or agreement of either party.

17.6 Amendments. This Agreement may be modified or amended only by a writing signed by authorized signatories of Learfield and University.

17.7 Adverse Interests. During the term of this Agreement and any renewal thereof, Learfield will not provide services nor enter into any agreement to provide services to a person or organization that has interests that are adverse to the Division of Intercollegiate Athletics of the University. If the University believes that Learfield is violating this paragraph, the University will notify Learfield in writing via certified mail. The University and Learfield will meet and discuss the alleged violation within thirty (30) days of such notice and, in good faith, seek a mutually acceptable resolution. Notwithstanding anything contained in paragraph 17.7 to the contrary, the broadcasting by Learfield of any University games in which the opponent is an institution whose broadcast rights are also licensed to Learfield and the carrying out of the terms and conditions by Learfield of the contract under which such license was awarded, shall not be considered a violation of this Agreement by Learfield.

17.8 Assignment. Learfield may not assign or subcontract any of its rights or obligations under this Agreement in whole or in part without prior written consent of the University. Any attempted assignment or subcontracting without consent shall be void and of no effect.

17.9 Confidentiality. University agrees to keep confidential and not disclose to any third party any financial information relating to the revenue generated by the Badger Network or the actual Supplemental Fee income, if any, paid by Learfield to University. The foregoing restriction on confidentiality and disclosure shall not apply to a disclosure required by University rules and regulations, applicable law or by legal process.

XVIII. COUNTERPARTS

This Agreement may be executed in two counterparts, each of which shall be deemed an original, and both of which shall constitute one Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the duly authorized representatives.

LEARFIELD:	BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN
By: Roger Gardner	By: T. J. Sailor T. J. Sailor
Title: Vice President	Title: Director Purchasing Service
Date: 10-27-94	Date: 12/12/94

SECOND AMENDMENT TO EXCLUSIVE BROADCAST AGREEMENT FOR UNIVERSITY OF WISCONSIN-MADISON INTERCOLLEGIATE FOOTBALL, BASKETBALL AND VOLLEYBALL

This document made and entered into as of the ____ day of ________, 1998, is a second amendment ("Second Amendment") to that certain agreement ("Agreement"), by and between Learfield Communications, Inc. ("Learfield") and the BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM on behalf of the Division of Intercollegiate Athletics of the University of Wisconsin-Madison, a nonprofit institution of higher education organized under the laws of Wisconsin ("University") which Agreement was amended on August 15, 1994 ("First Amendment").

RECITALS

WHEREAS, Learfield has operated under the Agreement as amended by the First Amendment; and

WHEREAS, Learfield and University wish to extend the term of the Agreement beyond the period set forth in the First Amendment; and

WHEREAS, Learfield and University wish to set forth certain other matters in this Second Amendment regarding Learfield's financial obligations to University.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency being hereby acknowledged, University and Learfield amend the Agreement and the First Amendment as follows:

ITEM ONE: The term of the Agreement as extended by the First Amendment is hereby extended for two (2) additional years through August 15, 2001 ("Extended Term").

ITEM TWO: Learfield hereby agrees to extend its license of its corporate suite adjacent to its broadcast booth at Kohl Center (the "Suite") to the end of the Extended Term. Learfield will execute a separate extension of its Suite License Agreement to give effect to the provisions of this ITEM TWO.

ITEM THREE: The Base Rights Fee for the years 1999-2000 and 2000-2001 shall be as follows:

Year	Base Rights Fee
1999-2000	$375,000
2000-2001	$400,000

ITEM FOUR: For purposes of calculating the revenue sharing amounts to be received by the

University from advertising sales from the Badger Network, the following base levels shall be in effect before revenue sharing payments become due:

Year	Base Level Before Revenue Sharing Begins
1999-2000	$700,000
2000-2001	$700,000

ITEM FIVE: Notwithstanding any provisions of the Agreement, the First Amendment or this Second Amendment to the contrary, for both years of the Extended Term, Learfield will guarantee that Affiliate Revenue to the University shall not be less than $220,000.

ITEM SIX: Except as set forth in this Second Amendment, the Agreement, as amended by the First Amendment, is hereby ratified and approved by Learfield and University.

This Second Amendment may be executed in two counterparts, each of which shall be deemed an original, and both of which shall constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed by their duly authorized representatives.

LEARFIELD COMMUNICATIONS, INC.	BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM
By: Roger Gardner	By: ______________
Title: Vice President	Title: ______________
Date: 7-13-98	Date: ______________

Principal Expenditure
UW System Trust Funds
Frederick S. Brandenburg Bequest

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, and the UW-Madison Medical School, the principal and income balance of the Frederick S. Brandenburg Life Insurance Trust is used to add to the Healthstar building fund.

September 11, 1998 Agenda Item I.2.h.(1)

UW SYSTEM TRUST FUNDS
REQUEST FOR PRINCIPAL EXPENDITURE
Frederick S. Brandenburg Bequest

EXECUTIVE SUMMARY

BACKGROUND

Under existing Regent policy, all quasi-endowments greater than $50,000 must be identified as designated endowments, with only the income from the trust available for expenditure in accordance with the terms of the trust agreement. If a university wishes to seek an exception to the regent-imposed restriction, it must submit a request to the Office of the Vice President for Business and Finance for consideration at the next meeting of the Business and Finance Committee.

REQUESTED ACTION

Approval of Medical School request for expenditure of principal.

DISCUSSION

The University of Wisconsin-Madison Medical School has requested the use of principal from the Frederick S. Brandenburg Life Insurance Trust, currently valued at $51,200. The intent is to use the proceeds to add to the Healthstar building fund. This use is consistent with the terms of the trust agreement, which stated the funds should be used for:

> ". . . preferably for medical research, but which may also be used for building, equipment, library, or any other purpose of medical education, research or service, as determined by the Dean, faculty and Regents of the University of Wisconsin . . ."

The existing policy allows university officials to request the use of principal in those circumstances, which they feel it is in the best interest of the institution. This exception must, however, be consistent with the original gift instrument. In this case, the Brandenburg Life Insurance Trust agreement has no restriction on the use of principal. Additionally, the agreement specifically includes "building" as an alternate use of the funds. For these reasons, it is recommended that the Regents approve the use of principal for an addition to the Healthstar building fund.

RELATED REGENT POLICIES

Business & Finance action of 10-4-90 which defines the current Quasi-Endowment policy.

UW SYSTEM TRUST FUNDS
PRINCIPAL LONG TERM FUND
ENDOWMENT SPENDING PLAN

EXECUTIVE SUMMARY

BACKGROUND

The small fraction spending plan, adopted July 12, 1990, calls for an annual review of the small fraction rate. The current plan sets the distribution at 5% (five percent) and that earned income, reserved balances or realized gains will be utilized to maintain the 5% rate. The fraction is applied to a trailing three year moving average of endowment valuations (36 monthly valuations). Any income earned in excess of the fraction is added to endowment principal in a Stabilization Reserve.

REQUESTED ACTION

Retain current rate.

DISCUSSION

At this time, there does not appear to be a need to alter the current spending plan of five percent annually. This allows for departmental funding to remain stable with moderate growth. In addition, this allows for growth of the endowment fund to be used for future needs. As can be seen from the attached document, our spending fraction is equal to that observed at other Big 10 Universities, and is slightly above the median as reported in the June 1997 NACUBO endowment study.

In addition, the realized gains maintained in our Stabilization Reserve account, at over $131 million, continue to grow. There was a large increase in this amount during Fiscal 1998 as the manager transition called for liquidation of numerous holdings. These transactions forced the realization of significant gains, indicative of the strong market performance of the past few years. Over the past five years the portfolio has maintained a real rate of return of 6.8%, further indicating the ability of the fund to support the existing spending rate.

RELATED REGENT POLICIES

Business & Finance action of 10-5-95 which defines the current small fraction plan.

UW SYSTEM TRUST FUNDS
PRINCIPAL LONG TERM FUND
ENDOWMENT SPENDING PLAN
September 1998

UW Trust Funds - History of Distributions

	6-30-91	5.5%	$	4,968,598
	6-30-92	5.1%	$	5,267,186
(1)	6-30-93	3.6%	$	3,882,232
(1)	6-30-94	2.6%	$	3,789,995
(1)	6-30-95	2.5%	$	4,001,420
	6-30-96	5.0%	$	8,090,873
	6-30-97	5.0%	$	8,785,016
	6-30-98	5.0%	$	10,353,398

(1) actual earnings, minus .25%

Spending Fractions (as reported on 6-30-97)

Big 10 Schools (range 4% to 6%)	5.0%
NACUBO Survey ($100 - $399 million)	4.7%
NACUBO Survey (public institutions)	4.8%

UW Trust Fund Source of Distribution for Various Spending Fractions

Fraction	Earnings Net of Fees/Expenses	Appreciation	Actual Distribution
3%	$ 6,147,914	$ 64,125	$ 6,212,039
4%	$ 6,147,914	$ 2,134,804	$ 8,282,718
5%	$ 6,147,914	$ 4,205,484	$ 10,353,398
6%	$ 6,147,914	$ 6,276,163	$ 12,424,077

UW Trust Funds Realized Gains by Fiscal Year

6-30-91	1.7 million
6-30-92	5.8 million
6-30-93	9.1 million
6-30-94	2.7 million
6-30-95	2.6 million
6-30-96	10.7 million
6-30-97	9.3 million
6-30-98	61.3 million

Total Realized Gains through 6-30-98, $131.7 million

Inflation and Endowment Growth

Total 5 year return of fund	14.8%
Less: Inflation benchmark	3.0%
Spending fraction	5.0%
Real rate of return	6.8%

spendrate.xls

Asset Allocation - UW System Trust Funds
Long Term Principal Fund

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the Business and Finance Committee, the asset allocation of 70% equities and 30% fixed income be approved for the University of Wisconsin System Trust Funds.

September 11, 1998 Agenda Item I.2.h.(3)

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
LONG TERM PRINCIPAL FUND
ASSET ALLOCATION REVIEW

EXECUTIVE SUMMARY

BACKGROUND

The Business and Finance Committee completes an annual review of the asset allocation ratio for the University of Wisconsin System Trust Funds. Based on the funds allocated to the new investment managers in November 1997, the existing allocation is 67% equities and 33% fixed income. The equity portion includes large capitalization, small capitalization and international equities. The bond portion includes domestic and foreign fixed income securities. The portfolio is reviewed on a monthly basis by the Assistant Trust Officer and rebalanced when the allocation drifts from the target ratio by more than 2%.

REQUESTED ACTION

Approve a change in allocation to 70% equity and 30% fixed income.

DISCUSSION

As the most important decision in the investment process, asset allocation requires not only the analysis of historical data but also forecasting of future expectations. In the following documents, a study of the variables that impact the risk and return of an investment portfolio is completed. This analysis provides the necessary tools to evaluate asset allocation alternatives. Using these variables, simulations were run for an array of feasible options. These simulations provide the risk and return characteristics of each option and form the basis for the recommendation.

The recommendation of a 70% equity and 30% fixed income would increase the expected return of the portfolio with only a minimal increase in the risk (as measured by the standard deviation). The other options result in either sub-optimal expected returns or unnecessary risks.

RELATED REGENT POLICIES

Regent action of September 7, 1995 approving the existing allocation.

UNIVERSITY OF WISCONSIN SYSTEM
TRUST FUNDS
1998 Asset Allocation Review

OVERVIEW

One of the most significant decisions in the investment process is that of asset allocation. Studies indicate that well over 90% of a portfolio's return can be explained by this single variable. Its strategic nature requires that the asset allocation be reviewed in a long term context. This long term view protects against the common timing errors that can occur with a "tactical" approach. Only fundamental changes in the input variables should be considered in this decision while short term changes in markets and their characteristics should be ignored.

ANALYSIS OF RELEVANT VARIABLES

A starting point for any discussion about asset allocation is identifying the forces that determine the risk and return of a portfolio:

Expected Returns/ Standard Deviation

Crucial to the allocation decision, estimating the return that can be anticipated from each asset class begins with an analysis of historical returns and their patterns. Equally as important is the risk associated with these asset classes. As the most common measure of portfolio risk, standard deviation is used to estimate the dispersion of returns from an asset class.

The following chart outlines the expected return and standard deviation for each asset class. Historic risk premia were used to build the estimates. For large stocks and small stocks, premia from the period 1926 to 1997 were used. For government and corporate bonds, the period from 1970 to 1997 was used as it was more indicative of the increased volatility of bonds. For international bonds, the period from 1985 to 1997 was used as it represented the time frame in which reliable data was available. For international stocks, the period from 1970 to 1997 was used as it offered comprehensive data for large capitalization and mid capitalization stocks[1]. In order to insure consistency of data, the standard deviation of returns for each asset class were taken from data of the same time periods.

Table 1: Estimated Returns and Volatility[2]

Asset Class	Expected Return	Standard Deviation	Start Date
Domestic			
Large Cap Stocks	10.9%	20.3%	1926
Small Cap Stocks	11.8%	25.1%	1926
Government/Corporate Bonds	6.9%	8.6%	1970
International			
Large Cap/Mid Cap Stocks	11.3%	19.4%	1970
Bonds	8.0%	12.9%	1985
Current Portfolio	**9.8%**	**14.1%**	

[1] Risk premia used to build the estimated return for international equities did not include a specific "foreign" premium. Domestic and international equities include an "equity" premium and a "size" premium to reflect their capitalization tilt.

[2] *Source: Stocks, Bonds, Bills and Inflation 1998 Yearbook*, Ibbotson and Sinquefield

Correlation

Also central to the allocation decision is the degree to which different asset classes are correlated. A cornerstone of modern portfolio management, the benefit of diversification allows for a reduction in portfolio risk by the selection of asset classes with low to negative correlation.

Historical interrelationships represented by correlation coefficients were used to create the following matrix:

Table 2: Correlation Matrix[3]

	(1)	(2)	(3)	(4)	(5)
(1) Large Stocks	1.00				
(2) Small Stocks	0.81	1.00			
(3) LT Govt/Corp	0.25	0.10	1.00		
(4) Intl Stocks	0.52	0.54	0.35	1.00	
(5) Intl Bonds	0.25	0.24	0.41	0.72	1.00

Risk Profile

The risk tolerance is also an important variable in the asset allocation decision as it provides guidance on acceptable asset classes as well as target portfolio risk. In reviewing the risk profile of the University of Wisconsin, the following items were considered:

- Fund size - at roughly $250 million the fund is large enough to participate in many asset classes. However, the size does limit the focus to core segments.

- Investment horizon - with over 95% of the accounts in the fund classified as endowments, designated endowments or quasi endowments, the appropriate investment horizon would be extremely long term.

- Departmental dependence - with a total disbursement of only $10 million for the fiscal year ended June 30, 1998, Trust Funds earnings do not represent a significant portion of total campus budgets. However, there are specific departments and programs that rely on these earnings a great deal. Therefore, it is important to remain mindful of the need for principal preservation as well as growth.

- Exposure to variability - Trust Funds has the benefit of a predetermined annual spending policy of 5%. This limits the exposure to monthly variability of returns and improves distribution planning. Additionally, the spending policy uses multiple calculation points and provides inherent smoothing of market fluctuations.

[3] *Source: Stocks, Bonds, Bills and Inflation 1998 Yearbook*, Ibbotson and Sinquefield and *Investment Analysis and Portfolio Management*, Cohen, Zinbarg and Zeikel, 1993.

- Degree of sophistication - the ability to include asset classes outside of those used in traditional asset allocation is limited by the degree of sophistication of the investor. In order to use alternative assets like venture capital, private equity and distressed securities, it is vital that the investor posses technical resources to monitor and manage the complex risk characteristics that these assets possess. These risk management tools would need to be reviewed and implemented prior to an alternative asset commitment for Trust Funds.

Target Rate of Return

At its most basic level, the portfolio must generate sufficient return to cover the spending rate, inflation, expenses and an appropriate growth rate. Therefore, the "target return" must be included in the asset allocation decision.

The following table summarizes the target return for the University of Wisconsin System Trust Funds:

Table 4: Target Return

	%
Spending Rate	5.00%
Expected Inflation	3.10%
Administrative Expenses	0.12%
Investment Mgt Expenses	0.55%
Real Growth Target	1.00%
TARGET RETURN	9.77%

ALTERNATIVES

Based on a detailed review of the historical data discussed above as well as consideration of the risk profile of the University of Wisconsin System Trust Funds, the following scenarios were included for statistical review. Several of these scenarios would require a change in Investment Objectives and Guidelines. Simulation results can be found in Appendix 1.

Scenario #1 - Maintain Existing Allocation

67% Equities
- 40% large capitalization stocks
- 18% small capitalization stocks
- 9% international stocks

33% Fixed Income
- 28.5% domestic government/corporate bonds
- 4.5% international bonds

Scenario #2 - Maintain 67/33 Allocation (reallocate within equities)

The overall asset mix of 67% Equities and 33% Fixed Income would remain unchanged. Funds would be reallocated within the three (large capitalization, small capitalization, international) equity groups in increments of 5%. Simulations were run for all combinations of reallocation.

Scenario #3 - Increase to 70/30 Allocation

The overall asset mix would be adjusted to result in a 70% Equities and 30% Fixed Income level. The domestic government/corporate bonds segment would be reduced by 3% with funds reallocated to one of the three equity segments. (The international fixed income portion of the fund would be unchanged as its current level of $10 million represents a critical mass that should not be adjusted.) The simulations reflect all three possibilities.

Scenario #4 - Increase to 75/25 Allocation

The overall asset mix would be adjusted to result in a 75% Equities and 25% Fixed Income level. The domestic government/corporate bonds segment would be reduced by 8% with funds reallocated to the equity segments. (The international fixed income portion of the fund would be unchanged as its current level of $10 million represents a critical mass that should not be adjusted.) Simulations reflect an array of feasible allocation possibilities.

RESULTS AND RECOMMENDATION

Scenario #1 - Maintain Existing Allocation

With a target return of 9.77%, the existing allocation provides a level of subsistence and allows only minimal growth. Additionally, there are allocations which would result in lower portfolio risk at the existing return level. Therefore, this option would not be recommended.

Scenario #2 - Maintain 67/33 Allocation (reallocate within equities)

Overall risk can be lowered by increasing the international allocation by 5% and reducing the small capitalization allocation by 5%. As a portfolio with the same return at a lower level of risk, this alternative is more desirable than the current allocation. However, it still does not provide a sufficient cushion to the target return. Therefore, this option would not be recommended.

********** Scenario #3 - Increase to 70/30 Allocation **********

From the simulation results, it is clear that the optimal portfolio in a 70/30 allocation would require a 3% increase in international equity exposure and a 3% reduction in domestic fixed income. The expected return of 10% would improve the cushion above the target return with only a minimal increase in overall portfolio risk. As this alternative would provide for increased return with little incremental risk, it is **recommended for implementation**. The costs/benefits are summarized in the following chart:

	Incremental Change	Portfolio Value	Dollar Value
Increase in portfolio return	0.20%	$ 250,000,000	$ 500,000
Increase in inv mgt expenses			
Brinson Non US Equity Fund	0.52%	$ 7,500,000	$ 39,000
Net increase in return			$ 461,000
Trading Costs (estimate)			
Standish Domestic Fixed	0.30%	$ 7,500,000	$ 22,500
Brinson Non US Equity Fund	0.30%	$ 7,500,000	$ 22,500
Total			$ 45,000

Scenario #4 - Increase to 75/25 Allocation

The simulation results show that the optimal portfolio in this scenario would require an increase of 8% in international equities and a decrease of 8% in domestic fixed income. Providing the return of 10.2% at the lowest level of risk, this alternative would be most desirable. However, this increase in return will increase the risk of the portfolio by over 6%. Additionally, this alternative would result in considerable portfolio disruption. For these reasons, this option would not be recommended.

The cost and benefits are summarized in the chart below:

	Incremental Change	Portfolio Value	Dollar Value
Increase in portfolio return	0.40%	$ 250,000,000	$ 1,000,000
Increase in inv mgt expenses			
Brinson Non US Equity Fund	0.52%	$ 20,000,000	$ 104,000
Net increase in return			$ 896,000
Trading Costs (estimate)			
Standish Domestic Fixed	0.30%	$ 20,000,000	$ 60,000
Brinson Non US Equity Fund	0.30%	$ 20,000,000	$ 60,000
Total			$ 120,000

APPENDIX 1 - Simulations

	Expected Return	Std Deviation
SCENARIO #1		
- Hold 67/33 - no allocation changes	9.80%	14.13%
SCENARIO #2		
Hold 67/33 - adjust allocation by 5%		
1. increase large cap/decrease small cap	9.80%	14.01%
2. increase large cap/decrease international	9.80%	14.46%
3. increase small cap/decrease large cap	9.90%	14.29%
4. increase small cap/decrease international	9.90%	14.60%
5. increase international/decrease small cap	9.80%	13.73%
6. increase international/decrease large cap	9.80%	13.86%
SCENARIO #3		
Increase to 70/30 - adjust allocation by 3%		
1. increase large cap/decrease domestic fixed	9.90%	14.61%
2. increase small cap/decrease domestic fixed	10.00%	14.70%
3. increase international/decrease domestic fixed	10.00%	14.43%
SCENARIO #4		
Increase to 75/25 - adjust allocation varying %		
Adjust allocation by 8%		
1. increase large cap/decrease domestic fixed	10.10%	15.42%
2. increase small cap/decrease domestic fixed	10.20%	15.68%
3. increase international/decrease domestic fixed	10.20%	14.96%
Adjust allocation by 3%/3%/2%		
1. increase 3 large,3small,2intl	10.20%	15.39%
2. increase 3 large,2small,3intl	10.20%	15.29%
3. increase 2 large,3small,3intl	10.20%	15.32%
Adjust allocation by 4%/4%		
1. increase 4 large, 4 intl	10.20%	15.18%
2. increase 4 large, 4 small	10.20%	15.54%
3. increase 4 small, 4 intl	10.20%	15.30%
Adjust allocation by 5%/3%		
1. increase 5 large, 3 intl	10.20%	15.24%
2. increase 5 large, 3 small	10.20%	15.51%
3. increase 5 small, 3 large	10.20%	15.57%
4. increase 5 small, 3 intl	10.20%	15.39%
5. increase 5 intl, 3 large	10.20%	15.12%
6. increase 5 intl, 3 small	10.20%	15.21%