

Minutes
Business and Finance Committee
Board of Regents of the University of Wisconsin System
June 6, 2002

The Business and Finance Committee met at 2:30 p.m. in C201 Sandburg Residence Hall, UW-Milwaukee. Present were Regents Gottschalk, Axtell, Jones, Klauser and Krutsch.

a. Process for Presenting and Reporting Bequests

Assistant Trust Officer Doug Hoerr noted that prior to September 1997, individual bequests coming to the UW System Trust Funds were presented to the Regent Business and Finance Committee for formal acceptance. This acceptance involved a formal resolution by the Committee. For reasons unknown, this practice was discontinued after September 1997. Also, other than through the publications of the "Annual Report of Trust Fund Operations" and the "UW System Annual Financial Report," there is currently no formal reporting to the Committee regarding Trust Funds' gift income and usage. Reporting is done quarterly for Gifts, Grants and Contracts (broken out by usage categories, such as research, student aid, etc.), but these figures do not include Trust Funds gifts/bequests. In order to keep the Regent Business and Finance Committee more informed about the amount, sources, and uses of Trust Funds' gifts/bequests and to also provide a means of public recognition for sizable bequests where there is normally an individual donor or family involved, the following resolution was recommended.

Upon the motion of Regent Klauser, and the second of Regent Krutsch, the Committee approved Resolution I.2.a.

Resolution I.2.a.

That, upon the recommendation of the Regent Business and Finance Committee, the following procedures be established for presenting and reporting UW System Trust Funds bequests and gifts:

1. UW System Trust Funds' bequest and gift income will be included with the quarterly reporting to the Business and Finance Committee of Gifts, Grants and Contracts and be similarly categorized as to source, gift type, and expected use.
2. Individual bequests expected to exceed \$50,000 will be brought to the Business and Finance Committee so that they can, via resolutions, be formally accepted and recognized by the President, Board and appropriate Chancellor if to a specific campus. The resolution of acceptance, recognition, and appreciation will then be conveyed, where possible, to the donor, the donor's family, and other interested parties.
3. Where appropriate, the UW foundation affiliated with the benefiting institution will be apprised of bequests expected to exceed \$50,000, so that these organizations might include these donors, donor families and other interested parties in their on-going donor recognition and appreciation efforts.

b. Acceptance of Past Bequests

Assistant Trust Officer Hoerr stated that a resolution needed to be presented to the Business and Finance Committee to accept those bequests exceeding \$50,000 that had not been formally accepted since September, 1997.

Regent Axtell and Regent Klauser noted that future lists containing information on bequests should be broken down by campus. This would give the Board a better idea of how many bequests are going to the comprehensive campuses. Regent Gottschalk noted that many comprehensive campuses have their own foundations, and many bequests are given directly to the campus foundation. Assistant Trust Officer Hoerr noted that these bequests would not be included in the Board of Regents bequests because campus foundations are totally separate entities from the UW System Trust Funds. If the donor's check is made payable to the campus foundation, the UW System Trust Funds would not accept it, and the bequest would go to the campus foundation. If the donor's check does not explicitly name the campus foundation, the bequest will be accepted by the UW System Trust Funds on behalf of the Board of Regents.

Regent Klauser asked whether the corpus of these bequests are consumed. Assistant Trust Officer Hoerr noted that it depends on whether or not the donor stipulates the corpus to be expendable.

Upon the motion of Regent Klauser, and the second of Regent Axtell, the Committee approved Resolution I.2.b.

Resolution I.2.b.

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin System institutions, the bequests detailed on the attached list be accepted for the purposes designated by the donors, or, where unrestricted by the donors, by the benefiting institution.

Let it be herewith further resolved, that the President and Board of Regents of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin System institutions express their sincere thanks and appreciation to the donors and their families for their tremendous generosity and devotion to the values and ideals represented by the University of Wisconsin System.

c. UW-Milwaukee Presentation – Student Technology Services (STS) Update

Joseph Douglas Jr., Director of Information and Media Technologies, UW-Milwaukee, provided an update on their highly successful Student Technology Services (STS) program. STS is a student employee managed and professional staff mentored organization that works to efficiently meet the technology needs of UW-Milwaukee. STS has partnered with Milwaukee Public Schools and Milwaukee Area Technical College to implement a variation of the STS model in charter schools. The program is designed to aid students in developing skill sets using work based learning to further their educational experience and explore their career options.

Mr. Douglas noted that UW-Milwaukee received the Exemplary Practices in Information Technology Solutions Award from EDUCAUSE in October, 2001. UW-Milwaukee is one of 17 universities to receive an award in this category since the annual award practice began in 1995.

Mr. Douglas stated that UW-Milwaukee has been invited to become an active participant in a national project managed by EDUCAUSE and funded by NSF called the Advanced

Networking with Minority Serving Institutions (AN-MSI) Project. UW-Milwaukee's role is to assist Minority Serving Institutions (MSI's) in three principal communities across the country in the development of information technology workforce for their respective campuses.

Regent Jones noted that this is a great example of a program that leads to brain gain as opposed to brain drain for the state of Wisconsin. By working with K-12 students, and helping to keep students at UW System institutions, the program works to make a real difference in Wisconsin. This program could possibly be incorporated into the Wisconsin Idea as a showcase of the many positive programs that take place at UW System schools, showing that investment in UW System institutions is well spent.

Regent Jones asked whether most students in the program are computer science and management information system students. Mr. Douglas stated that the program is not only for computer science and management information system students. Currently, about two-thirds of students involved in the program have diverse majors such as music, art, history, political science, and English.

The Committee agreed to bring a resolution before the full Board, commending UW-Milwaukee's STS program, and encouraging other UW System institutions to implement similar programs at their own campus.

Upon the motion of Regent Jones, and the second of Regent Axtell, the Committee approved Resolution I.2.c.

Resolution I.2.c.

Whereas, the UW-Milwaukee has established a unique work-based learning organization composed solely of student employees to deliver technology services to the campus community and to train information technology workers; and,

Whereas, the program is entirely managed by students; and,

Whereas, the program works in partnership with the Milwaukee Area Technical College and Milwaukee Public Schools; and,

Whereas, the program has achieved national recognition and is hosting a third annual national conference on Student Technology Services in June; and,

Whereas the UW-Milwaukee Student Technology Services program recently was awarded the Exemplary Practices in Information Technology Solutions Award from EDUCAUSE;

Therefore, be it resolved that the Board of Regents hereby commends Chancellor Zimpher, Director of Information and Media Technologies Joseph N. Douglas, Jr., the current and former students employees and managers of the STS program and the STS partners, MATC and MPS.

d. Report on Business and Finance Committee 2001-02 Activities and Accomplishments

Vice President Debbie Durcan noted that, at the request of President Lyall and Regent President Jay Smith, each of the Board of Regents' Committees were asked to list their goals and

accomplishments. The Business and Finance Committee established the following three goals for the 2001-02 fiscal year:

1. Building Our Resource Base
2. Investing in Private Equity
3. Developing the 2003-05 Biennial Budget

Vice President Durcan stated that beginning in October of 2001, the Business and Finance Committee heard numerous presentations surrounding the theme of Building Our Resource Base. The year-long study included options to increase program revenue, alternative tuition options, and possible components for a compact with the state.

Vice President Durcan commented that during 2000-01, the Business and Finance Committee spearheaded the effort to expand the investment opportunities of the UW System Trust Funds following the modification of the asset allocation guidelines to allow for a 10% allocation to private equity. During 2001-02, the Committee authorized the issuance of a Request for Proposals for private equity managers. Forty-six responses were reviewed resulting in two managers being selected, J.P. Morgan and Adams Street Partners.

Vice President Durcan noted that the third goal set by the Committee was to lead the development of the 2003-05 biennial budget. However, shortly after the Committee set its goals, the UW System experienced significant budget cuts tied to the State's \$1.1 billion structural deficit. Thus, the normal building of a future biennial budget request was suspended, making the committee unable to meet its third goal for 2001-02.

Vice President Durcan stated that the Business and Finance Committee took several actions with respect to Trust Funds. Meetings with investment managers were delegated to the Trust Officer and Assistant Trust Officer, changes to the procedures and guidelines for reporting proxies were approved, and the process for reporting bequests was formalized. In addition, the Committee held its Annual Forum on Trust Fund Investments in November, 2001.

The Committee approved tuition differentials, including the UW-Stout laptop differential and the associated contract with Compaq, and the UW-Whitewater tuition differential.

In keeping with its desire for accountability and efficiency, the Committee considered how the UW System compared to its peers by hearing presentations and analyzing several national studies.

e. Committee Business

(1) Approval of the Minutes of the May 9, 2002 Meeting

Upon the motion of Regent Klauser, and the second of Regent Jones, the minutes of the May 9, 2002, meeting of the Business and Finance Committee were approved as presented.

(2) Contractual Agreement with Glaxo Wellcome Inc.

Upon the motion of Regent Klauser, and the second of Regent Axtell, the Committee approved Resolution I.2.e.(2).

Resolution I.2.e.(2)

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 agreement with Glaxo Wellcome Inc., entitled "The Effect of

Montelukast (Singulair) in a Steroid Reduction Model of Asthma,” Protocol number FLV-431.

(3) Contractual Agreement with Novartis Pharma AG

Upon the motion of Regent Klauser, and the second of Regent Axtell, the Committee approved Resolution I.2.e.(3).

Resolution I.2.e.(3)

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 agreement with Novartis Pharma AG, entitled “Data Analysis Center for the Clinical Trial Projects CSMS995 0802 and CSMS995 0804.”

(4) Contractual Agreement with Dow Chemical Company

John Torphy, Vice Chancellor, UW-Madison, noted that in 1997, UW-Madison entered into a contractual agreement with Dow Chemical Company to conduct a research program concerning mechanistic aspects of catalytic alkene polymerization. This research program is being conducted by the UW-Madison, Department of Chemistry. The primary goal of this work is to understand how efficiency and selectivity is achieved with such catalysts through fundamental mechanistic research concerning model systems.

Upon the motion of Regent Axtell, and the second of Regent Klauser, the Committee approved Resolution I.2.e.(4).

Resolution I.2.e.(4)

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 agreement with Dow Chemical Company, entitled “Fundamental Kinetic and Mechanistic Studies of Metallocene Catalyzed Alkene Polymerization.”

Regent Krutsch asked about the underlying policy issues that relate to these contracts in terms of the UW System’s mission, and whether these contracts compromise the UW System’s relations with these companies. Vice Chancellor Torphy noted that these contracts are for standard research clinical trials, and they do not compromise the UW System’s relations with these companies whatsoever.

(5) UW-Green Bay Food Service Contract

Regent Axtell commented that, since this is a two million dollar, seven-year contract for a general service, there must have been a centralized review to make sure that all details of the contract were within UW System and state standards. Thomas Maki, Vice Chancellor, UW-Green Bay responded that the contract was completed in collaboration with UW System staff. Ruth Anderson, Director, Office of Procurement, UW System, noted that UW System staff

worked on completing the contract, and a cost analysis study was completed to award the contract to the vendor with the highest score.

Upon the motion of Regent Klauser, and the second of Regent Jones, the Committee approved Resolution I.2.e.(5).

Resolution I.2.e.(5)

That upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Green Bay, the Board of Regents approves the contract with Sodexo Campus Services to provide Dining Services at the University of Wisconsin-Green Bay.

f. Robert Turell Trust

Assistant Trust Officer Hoerr stated that the UW-Madison Medical School is to receive a large bequest from the Robert Turell Trust. Trust Funds recently received a partial distribution of \$5,000,000, and the final settlement of the trust should result in a total bequest of approximately \$5,200,000. The wording of the document is such that it should be held as an endowed fund and the income should be used to establish either a professorship or fellowship. After giving considerable thought as to the usage and memorialization of this generous gift, the Medical School, per Dean Philip Farrell, recommended that the gift will be best utilized by using the income for professorships rather than fellowships. The fund will be named the Dr. Robert Turell Professorship Fund and professorships will be awarded at the discretion of the Dean.

Regent Axtell noted the importance of donor appreciation and recognition, especially in light of the very generous size of this particular donation. Regent Gottschalk, noting the importance of donor relations, stated that much of the donor recognition occurs at the campus level. The UW-Madison Medical School will contact the donor's heirs to show their sincere gratitude for this outstanding gift.

Upon the motion of Regent Jones, and the second of Regent Axtell, the Committee approved Resolution I.2.f.

Resolution I.2.f.

That, upon the recommendation of the President of the University of Wisconsin System, the Chancellor of the University of Wisconsin-Madison, and the Dean of the University of Wisconsin-Madison Medical School, the bequest of the late Dr. Robert Turell be accepted for the purpose of establishing the DR. ROBERT TURELL PROFESSORSHIP FUND; and the Trust Officer or Assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfer for the benefit of the University of Wisconsin-Madison Medical School.

(The Robert Turell Trust states:

"4. Upon the death of my spouse, such part or all of the principal of the trust remaining after the payments, if any, required by subparagraph 3 of this paragraph shall be distributed to the following in equal shares:

(i) UNIVERSITY OF WISCONSIN MEDICAL SCHOOL to be held as an endowed fund and the income there from to be used to establish either a professorship or fellowships in the discretion of the School's Board of Trustees with the request that this gift be memorialized in my name in such appropriate way as the Board shall determine; and...")

(Dr. Turell graduated from the Medical School in 1928. The Medical School will receive a total of approximately \$5,200,000.)

Let it be herewith further resolved, that the President and Board of Regents of the University of Wisconsin System, the Chancellor of the University of Wisconsin-Madison, and the Dean of the University of Wisconsin-Madison Medical School express their deepest thanks and appreciation to the late Dr. Robert Turell for this exceptionally generous gift which will be used to sustain and further the quality of the Medical School into perpetuity.

g. Report of the Vice President

Vice President Durcan discussed the UW-Milwaukee Laptop Program. The program is similar to the UW-Stout Laptop program, except that it is only directed at School of Architecture students. The program begins in the fall of 2002, and the course fee is \$525 per semester. The program provides wireless networking from anyplace in the Architecture and Urban Planning building, and will eventually provide this access from other areas of campus. The program is known as E3—Electronic Educational Environment. Joe Fieber, Instructional Program Manager, Architecture and Urban Planning, UW-Milwaukee, who spearheaded the program, noted that students at the School of Architecture are especially dependant on technology. This program will allow them to use state of the art equipment, and allow them to connect to the wireless networking server at UW-Milwaukee. The UW-Milwaukee campus has centralized the technology, so that if other UW-Milwaukee departments choose to take advantage of this type of program, many aspects of the technology will already be in place.

Regent Klausner, on a related topic, asked how UW-Milwaukee students are being charged for copy paper. Joseph Douglas Jr., Director of Information and Media Technologies, UW-Milwaukee, commented that he recently met with a group of officers from the UW-Milwaukee student association. After a lively discussion, the students agreed to look at some alternatives, and are reasonably supportive of some short and long term solutions that UW-Milwaukee has proposed.

Vice President Durcan commented on the projected utilities shortage. Last year, the UW System had an \$8.5 million shortfall, and the Joint Finance Committee provided a \$6 million supplement. The UW System was authorized to carry over the remaining \$2.5 million shortfall to the present fiscal year. As of the end of March, campus projections showed an estimated \$3.8 million shortfall, however, updated campus projections are due next week.

Vice President Durcan noted that UW System will meet with all of the institution's business and budget officers later this month. Issues to be discussed include:

- Managing the budget cuts
- Financial incentives/disincentives surrounding improving retention
- Implementation of Building Our Resource Base recommendations
- Funding fringe benefits associated with position creation authority
- Utility funding
- Funding the administrative information technology infrastructure

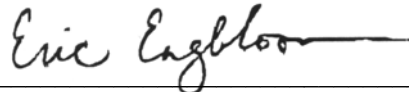
h. Additional items which may be presented to the Committee with its approval

No additional items were presented to the Committee.

i. Closed session to consider trust fund matters as permitted by s.19.85(1)(e), Wis. Stats.

Upon the motion of Regent Jones, and the second of Regent Klauser, the Business and Finance Committee adjourned to Closed Session at 3:30 p.m. Present were Regents Gottschalk, Axtell, Jones, Klauser and Krutsch.

The Business and Finance Committee adjourned at 4:05 p.m.

A handwritten signature in cursive script that reads "Eric Engbloom". The signature is written in black ink and includes a long horizontal flourish extending to the right.

Eric Engbloom, Recording Secretary