

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in the Wisconsin Room
UW-Milwaukee Union
University of Wisconsin-Milwaukee
Milwaukee, Wisconsin

Friday, June 8, 2012
8:00 a.m.

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- Vice President Smith presiding -

President Spector's term on the Board of Regents having expired on May 1, 2012, Vice President Smith presided over the Board's June meeting.

PRESENT: Regents Jeffrey Bartell, John Behling, John Drew, Tony Evers, Michael Falbo, Tim Higgins, Tracy Hribar, Ed Manydeeds, Regina Millner, Katherine Pointer, Charles Pruitt, Gary Roberts, Brent Smith, Mark Tyler, José Vásquez, David Walsh, and Gerald Whitburn

UNABLE TO ATTEND: Regent Mark Bradley

CLOSED SESSION – FIRESIDE LOUNGE

Vice President Smith called upon Regent Pruitt to present Resolution 10075 to move into closed session. The motion was seconded by Regent Falbo and adopted on a roll-call vote, with Regents Bartell, Behling, Drew, Evers, Falbo, Higgins, Hribar, Manydeeds, Millner, Pointer, Pruitt, Roberts, Smith, Tyler, Vásquez, Walsh, and Whitburn voting in the affirmative. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10075: That the Board of Regents move into closed session to consider annual personnel evaluations, as permitted by s. 19.85(1)(c), Wis. Stats.

The closed session was adjourned at 9:00 a.m.

CALLING OF THE ROLL

PRESENT: Regents Jeffrey Bartell, John Behling, Mark Bradley, John Drew, Tony Evers, Michael Falbo, Tim Higgins, Tracy Hribar, Ed Manydeeds, Regina Millner, Katherine Pointer, Charles Pruitt, Gary Roberts, Brent Smith, Mark Tyler, José Vásquez, David Walsh, and Gerald Whitburn

UNABLE TO ATTEND: None

APPROVAL OF THE MINUTES OF THE MARCH MEETING

The minutes of the March 8, 2012 meeting were distributed. There were no additions or corrections. Upon the motion of Regent Higgins, which was seconded by Regent Whitburn, the minutes were approved on a unanimous voice vote. There were no additions or corrections.

REPORT OF THE VICE PRESIDENT OF THE BOARD

Educational Communications Board, Hospital Authority Board, and Wisconsin Technical College System Board Reports

Vice President Smith said that the reports for the Educational Communications Board, Hospital Authority Board, and Wisconsin Technical College System Board had been provided. There were no questions or comments.

Additional Items That the Vice President May Report to the Board

The June meeting being the annual meeting, and for the benefit of the Board's new members, Vice President Smith reviewed the events of the past year and looked ahead to the next biennium.

President's Advisory Committee on the Roles of UW System Plan Progress

A number of Regents participated in the President's Advisory Committee on the Roles of UW System Administration, which was convened by President Reilly and ably chaired by Regent Pruitt. Other members of that committee included Regent Jeff Bartell, Regent Judy Crain, and Regent Emeritus Jay Smith. Vice President Smith noted that he was also a member.

One of the many recommendations by the Advisory Committee was to devolve flexibilities and responsibilities from the state to the UW System and to UW institutions. President Reilly accepted the committee's recommendations and presented an implementation

plan to Regents in September. The Regents endorsed the plan, and all three committees have seen evidence of resulting changes during the prior year. Vice President Smith noted several examples: (1) new “block grant” funding incorporated into the 2011-13 budget allocations by the Office of Budget and Planning; (2) new personnel systems being developed, one for UW-Madison and another for the remaining UW institutions; (3) the academic program planning and review process being revamped to make it more efficient; and (4) UW capital projects costing less than \$500,000 and funded entirely from gifts and grants being exempt from Building Commission approval and Division of State Facilities management.

Board Ad Hoc Groups

Vice President Smith noted that the Board had examined how it might better operate. Two ad hoc working groups were formed, one to review the UW System Board of Regents’ Roles and Responsibilities, and the other to review UW System Governance and Structure.

The first was chaired by Regent Bradley and included Regent Manydeeds and Regent Walsh, among other members. That committee provided an overview of Regents’ responsibilities and stressed the importance of maintaining a strategic focus at the Board’s meetings. The Research, Economic Development, and Innovation Committee was a product of that group’s work.

The second committee, which Vice President Smith chaired, included Regent Crain and Regent Pruitt, as well as several chancellors and System colleagues. The group examined various possibilities for university-system structures. It recommended the creation of advisory councils, which some chancellors already have, and which would be supplemented with one or two Regent members.

Vice President Smith noted that the new Regents had been provided with copies of both committees’ reports. He offered that he or Regent Bradley would be glad to answer any questions about the work of the two groups.

He noted that the Board itself had evolved. With terms expiring and new appointments being made, eight new members had joined since last year.

Student Loan Rates Debate

Looking at recent events and issues elsewhere, Vice President Smith observed that many UW students had been following the debate in Washington about student loan rates. The Senate recently voted to reject competing plans to postpone the scheduled doubling of the 3.4-percent interest rate on subsidized federal student loans. While both sides agreed that the interest rate should be frozen, they disagreed on how to cover the \$6-billion cost of the one-year extension. Even so, it was expected that a final deal would be worked out before the July 1 deadline. In 2010-11, nearly 82,000 University of Wisconsin System students – including 69,000 resident undergraduates – took advantage of the program, borrowing more than \$370 million in subsidized federal loans.

Governor's Council on College & Workforce Readiness

Vice President Smith reported that the Governor's Council on College and Workforce Readiness held its second meeting the prior week. Council members were provided with an overview of academic and career planning efforts taking place in other states, as well as a presentation by the Wisconsin Department of Workforce Development, outlining Wisconsin's job needs. The task of the Council is to recommend policies and programs to improve students' college and career readiness. President Reilly, DPI Superintendent Tony Evers, WTCS President Dan Clancy, and WAICU President Rolf Wegenke serve as members of the Council.

President Reilly Awarded "Higher Education Advocate of the Year" by the UW-La Crosse Student Association

Noting that it is usually President Reilly who shares news from around the System, Vice President Smith reported that in April the UW-La Crosse Student Association honored President Reilly with its "Higher Education Advocate of the Year Award." Kevin was chosen to receive the award for his leadership of the UW System during what the student leaders called "rigorous times." In making the presentation, Student Association President Madisson Heinze said, "We are honoring President Reilly not only because he has been a strong proponent of the UW System in a tumultuous political and financial time in our state's history, but his leadership, guidance, and voice have provided an effective model of professional advocacy to our student body and our institution." President Smith congratulated President Reilly, saying that this was a well-deserved honor.

REPORT OF THE PRESIDENT OF THE SYSTEM

To allow adequate time for discussion of the 2013-15 biennial budget update, President Reilly shortened his report, saying that he would cover only a few items and send in an email the remainder of his report.

President Reilly highlighted three recent examples of ways the university is trying to improve graduation rates. First, in May, working with the University of Wisconsin System's Higher Education Location Program (UW HELP) at UW-Extension, President Reilly sent a letter to about 8,000 Wisconsin people who previously attended a UW institution and whose college experiences were interrupted. He invited them to come back and complete their associate or baccalaureate degree. Since beginning to reach out in this way in 2007, the UW System received 7,540 applications from students who otherwise might not have returned to pursue a degree.

Second, President Reilly mentioned Project Win-Win. UW-Green Bay, UW-Platteville, UW-Stevens Point and UW Colleges were among 64 institutions in nine states that participated in the Project Win-Win study to identify former students who withdrew from college for varying reasons but whose academic record already qualified them for an associate degree. At UW-Stevens Point, for example, it was confirmed that more than 140 students were eligible to receive their associate degrees retroactively. Those degrees were presented at the May commencement

ceremony at UW-Stevens Point. President Reilly said that people who have an associate degree, as compared with people who simply have a high school diploma, have a better chance of getting jobs, keeping jobs, and earning a higher salary.

Third, President Reilly mentioned a key enhancement to the veterans' educational portal, the addition of a mobile version of the website, so that veterans have better access to higher education resources through their smart phones or other mobile devices. The portal was first launched in November 2010 to help veterans make the transition from military service to college life. The site guides Wisconsin veterans toward the right fit among Wisconsin's public colleges and universities.

Closing his remarks, President Reilly read a poem called "Parents," by William Meredith, a 20th-century American poet.

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UW SYSTEM 2013-15 BIENNIAL BUDGET UPDATE

Vice President Smith noted that the next item on the agenda, carried over from the day before, was an information-only presentation about the next biennial budget and how to begin to develop a request for UW funding that goes to the Department of Administration (DOA) in September. He reminded Regents that the Board would vote on the complete package in August. For now, Senior Vice President Morgan would lay out some of the bigger issues to be considered as the request is developed.

Overview of Operating Budget

Senior Vice President Morgan thanked Regent Vice President Smith for the introduction and greeted Board members. He recalled that at the April meeting of the Board of Regents at UW-Superior, he reviewed the Growth Agenda for Wisconsin, UW System's strategic framework for the last several years, and discussed why it remains relevant and vital to the state, and why state resources provided to UW institutions are a sound investment. He stated that today's meeting would be a continuation of that discussion, with the Regents providing input as to how the UW System approaches the 2013-15 biennial budget. He added that following his presentation, Associate Vice President David Miller would talk more about the 2013-15 capital budget.

Senior Vice President Morgan stated that this year the Board's action on the biennial budget request would be different from previous years' actions, and the presentation and discussion would focus on those changes. He added that when the Board meets again in August to take action on the biennial budget request, they would have a better understanding of the process and be able to focus more intensely on the substance of the request.

Senior Vice President Morgan stated that one new feature of the budget request would be linking the proposed plans to performance measures included in the last budget, 2011 Wisconsin Act 32. He indicated that having performance measures was not new, as the UW System had

reported to the Board of Regents on UW System performance in a variety of areas for the last couple of decades. What was new for this year was talking about how the UW System's initiatives match up with the performance measures specified by the Legislature.

He stated that another new event going forward would hopefully be the improving state economy. The last couple of biennial budget processes had occurred in an environment of scarcity, and while there were still challenges with the economy, he was hopeful that there would be some growth in state revenues. Mr. Morgan stated that the question for the Board and UW System is how to present a plan that compels the Governor and the Legislature to fund and make investments in the UW System.

Mr. Morgan stated that as this happens, it would be necessary to understand the block grant flexibility that will give the UW institutions more freedom in how funds can be used. He said that three chancellors would present information on some of the initiatives they have in place, some things they were thinking about for the 2013-15 biennium, and some of the challenges they were facing in terms of resources.

Senior Vice President Morgan indicated that the last new piece of the budget request was the operational flexibilities provided for in the current budget, which the UW System is trying to operationalize. The University Personnel Systems are an example of flexibilities provided, but there are other flexibilities that are still needed to help make the UW System more efficient and result in savings that can be reinvested in educating students.

He indicated that while some time would be focused on what is new, there would also be some consistent strategic priorities for the UW System that the Board would recognize -- the *Growth Agenda for Wisconsin* and the need for more well-prepared college graduates and a stronger workforce, more well-paying jobs to support a high quality of life, and stronger communities where citizens and businesses can thrive.

Referring again to performance measures, Senior Vice President Morgan stated that the UW System would have to report to the Legislature on a set of mandatory performance measures that were included in 2011 Wisconsin Act 32. Each institution was asked to focus on four specific measures during the 2013-15 biennium. He provided a few examples: (1) provide more support for Wisconsin businesses, leveraging UW expertise to grow new businesses, spurring new start-ups, and help existing businesses remain profitable and productive; (2) improve graduation and retention rates of students, which drives the number of graduates by making the college pipeline more efficient; and (3) serve more transfer students in ways that increase efficiency while providing flexibility for students. He noted that with a record 17,000 transfers last year, the UW System needs to do all that it can to do a good job in this area.

Senior Vice President Morgan indicated that there were other flexibility initiatives that he would discuss later in his presentation, related to moving some authority related to procurement and capital budget from the state Department of Administration to the Board of Regents.

Senior Vice President Morgan stated that based on discussions with chancellors, chief business officers, and UW institution leaders, it was clear that economic development would be a

strong emphasis in the UW System's 2013-15 budget, but economic development was not a new emphasis. UW institutions participate actively in economic development efforts such as NewERA and the Milwaukee Seven, a group that was instrumental in the work of Chancellor Lovell and UW-Milwaukee at the Water Institute. UW institutions also work with local chambers of commerce in their cities, and help address areas of state opportunities and need, looking for opportunities to leverage the expertise of the university with businesses to create economic activity, jobs, and strengthen businesses. He noted that UW-Milwaukee was working with the city of Milwaukee to address city public health issues and needs, and working with the business community to develop a strong fresh water sciences program and strengthen that sector of the Milwaukee economy.

UW Institutions' Initiatives

Senior Vice President Morgan stated that he asked several chancellors to discuss initiatives at their universities designed to meet *Growth Agenda* objectives in the 2013-15 biennial budget, and talk about threats or obstacles that might impair their ability to reach *Growth Agenda* objectives and state performance measures. He stated that he also asked chancellors to discuss why people in their communities believe that state investment in the UW System should be a priority, especially in the 2013-15 biennial budget. He invited three chancellors to come forward: Chancellors Debbie Ford from UW-Parkside, Bernie Patterson from UW-Stevens Point, and Dick Telfer from UW-Whitewater

UW-Whitewater

Chancellor Telfer expressed appreciation for the opportunity to talk about economic development activities at UW-Whitewater. Due to time constraints, he said he would focus on three initiatives at UW-Whitewater's Innovations Center, a facility that opened in February 2011, and that was now approximately 80 percent occupied. He noted that of the three initiatives he would talk about, the first involved a student, the second involved a faculty member, and the third was a project developed by a private citizen in the community.

Chancellor Telfer explained that Scanalytics, a company started by student Joe Scanlin, developed a pressure-sensitive grid that can be placed under a mat or a carpet and record traffic in front of an exhibit. The product was the first-place winner in the 2012 BizStarts Collegiate Business Plan, and was entered in the Governor's business plan competition. Chancellor Telfer indicated that the development of this product was supported at UW-Whitewater through the Launch Pad, a program for students interested in pursuing business ideas. Chancellor Telfer explained that students are given support from faculty mentors, and space at the Innovations Center where they can work on their ideas.

The second initiative described by Chancellor Telfer was Foundry Solutions, a company started by UW-Whitewater Professor Dan McGuire. Dr. McGuire has patents in two technologies related to developing molds for metal casting. The technologies he helped develop were in response to a need to make metal castings more quickly. The technologies will allow foundries to develop molds for metal casting that are lighter and less expensive than those currently used in the industry. The company is located in one of the labs in the Innovations

Center, and is actively producing and distributing its product. Chancellor Telfer stated that Foundry Solutions has been involved with and received considerable support from WiSys. In addition Dr. McGuire is working as an “i-Fellow” in the Innovations Center, which means that UW-Whitewater has provided some support, and has taken a share of Foundry Solutions.

The third project described by Chancellor Telfer was Blackthorne Analytics, a company developed by Whitewater resident Patrick Monaghan, which uses mathematical models for financial management. He explained that the company started on the UW-Whitewater campus before the development of the Innovations Center, and now occupies about 2,500 square feet at the Innovations Center. The company has employed 25 individuals associated with UW-Whitewater, buying time of faculty to work on the project and hiring students and former students, impacting job growth in the Whitewater community. Chancellor Telfer added that at the prior day’s meeting, the Regents recognized UW-Whitewater employee Denise Ehlen with an academic staff excellence award. He noted that Ms. Ehlen was instrumental in implementing these types of initiatives, and the institution was making an impact.

With regard to challenges faced by the institution, Chancellor Telfer stated that budget cuts had limited funding that UW-Whitewater could provide to faculty and staff to get involved with these types of projects. While a company such as Blackthorne, with more established funding, can provide funds to hire faculty and students, other companies in the early stages of development cannot do so and UW-Whitewater has a limited amount of funding available to assist these companies. Chancellor Telfer also noted that budget cuts have limited the opportunities that can be provided to student entrepreneurs. While UW-Whitewater provides students with space and a small amount of financial support, access to mentorships is also needed. The money available for internships and grants had been very limited.

Chancellor Telfer indicated that new resources would allow the institution to provide more support for faculty and staff involvement with the Innovation Center, which would help those businesses to grow, provide more case-study examples that could be taken back into the classroom, and engage more students in economic development activities. Another area in which new resources would be used would be to provide more opportunities for students, faculty, and staff to participate in research that has a high potential for commercialization.

UW-Parkside

Chancellor Ford began her remarks by thanking the Regents for the opportunity to share examples of how UW-Parkside is enhancing economic development and the quality of life in southeastern Wisconsin. She stated that UW-Parkside’s primary role in relation to economic development is to provide career-ready talent for regional businesses and leaders in the community. As such, she would share some examples of how the Ralph Jaeschke Solutions for Economic Growth Center (SEG Center) was providing those opportunities. Chancellor Ford stated that the SEG Center serves as the premiere vehicle for project-based learning at UW-Parkside. Both undergraduate and MBA students learn project management skills and the importance of being able to deliver a final solution or product on time and within budget, while being given hands-on work experience in finding those solutions. She stated that during the most recent academic year, students were involved in 84 different projects for 73 different clients, involving more than 320 students and 18 faculty and staff who led those projects.

Chancellor Ford provided examples of the projects students worked on: (1) a marketing design for Johnson & Johnson for a new product called Bye-Bye Binkie; (2) a marketing idea for an “I-mower,” a remote-controlled lawn mower using GPS technology; (3) promotions for Olive Garden for a new frozen dinner line; (4) a product design for a remote-control locator; (5) a project to improve customer feedback at a Best Buy store; and (6) a project to improve health care in the corrections system.

She stated that, like UW-Whitewater, UW-Parkside worked with WiSys on a couple of projects. For example, a faculty member and students in computer science worked on wireless medical records to provide individuals with chronic diseases real-time access. She also mentioned the Procubed project to design a new wheelchair, which includes students helping with the graphic design, as well as the functionality and the qualitative research for the project.

Chancellor Ford quoted from two letters sent by businesses in southeastern Wisconsin. The first quote was from the owner of Animal Campus, an animal care facility with four different businesses in Franklin. The owner said “when the students from Parkside came to me and asked to do a school project for the business class, it was a great opportunity for me to get a fresh new take on the possibilities.” The owner said she implemented all of the students’ ideas.

Chancellor Ford read a letter from another small business owner, Champion Tape, in Sturtevant: “The team did an excellent job of gathering the details of the existing process and then documenting the steps. Using some of the tools that they learned, they helped us to identify where the bottlenecks were. The benchmarking work that was done also provided very interesting and useful input for companies that faced the same challenges. They dissected the issues and came up with some solutions...” Chancellor Ford reported that earlier in the month, the business owner implemented the tools and solutions suggested by the students.

Chancellor Ford stated that students were not only helping to enhance the businesses and their operations, but were gaining real hands-on experience that makes them ready for work when they graduate from UW-Parkside.

With regard to the challenges faced by UW-Parkside, she said that she believed it was important to remind everyone that all of the institutions continue to be excellent stewards of their financial and human resources. Chancellor Ford said that the continuous budget reductions had made it difficult to fully implement the institution’s strategic plan, and some initiatives were delayed in order to respond to the budget lapses. She assured the Board that UW-Parkside was committed as a partner with regional businesses, educational partners, and government leaders to grow people, grow jobs, and grow their community in southeastern Wisconsin. She added that with sustained and predictable funding, investments from the state, they will be able to enhance the quality of their collective efforts.

Chancellor Ford stated that she had the good fortune of serving on most of the economic development and workforce development boards in Racine and Kenosha. She said that she had heard from business leaders that a focus on educational attainment is important to them. As UW-Parkside receives new resources, she said the institution would focus on their mission, but also accelerate the implementation of new online degree programs and certificate programs for

adult learners that she believes are underserved. Chancellor Ford also said that she would make sure that all students have the opportunity for project-based learning experiences like those in the Ralph Jaeschke Solutions for Economic Growth Center.

UW-Stevens Point

Chancellor Patterson thanked the Regents for the opportunity to talk about some of the great things going on at UW-Stevens Point. He started by providing some background information on how the institution got to where it is today. He said that in 2010-11, he charged the campus with creating a new strategic plan under the leadership of then-Provost Mark Nook. He said that the campus community did an outstanding job on the strategic plan, and the foundation then moved the effort forward.

Chancellor Patterson said that the past year was spent developing a new vision for the university under the umbrella of “thriving communities,” with the leadership of interim Provost Greg Summers. He said that in a nutshell, the effort was repositioning the university, making it more relevant to community problems, and more responsive to community needs. Thriving communities have a number of characteristics, but the one he would address in his presentation was the connection between thriving, prosperous communities and economic development.

Chancellor Patterson said that UW-Stevens Point was developing a new business model for the university and becoming more entrepreneurial. He said the institution recently finished an efficiency study and was looking for opportunities to do things more effectively and efficiently on campus, whether it is housing, catering, facilities, businesses practices, or purchasing.

Chancellor Patterson expressed his intent to establish an Office of Economic Development at the university, with a special assistant reporting to the chancellor. He said that he wanted to make it perfectly clear that UW-Stevens Point is not using GPR money for this, but is instead using internally generated funds that could not be used for faculty salaries or faculty positions. He said the position would focus internally on helping the institution be more business-like in its everyday practices, and would focus externally on working with people like Tim Sullivan, Paul Jadin, area chambers of commerce, local government, and businesses in Wisconsin and beyond. The position would also focus on the transfer of technology, working with faculty to transfer that technology from laboratories, into the marketplace, and into production at real businesses. He said the position would also have a focus of working with legislators to help them understand what UW-Stevens Point is doing and what the Legislature can do to help UW-Stevens Point. He added that UW-Stevens Point was working to identify potential outcomes of this initiative.

Chancellor Patterson said the institution was also working on more public-private partnerships. He mentioned the Wisconsin Institute for Sustainable Technology, funded through federal and state grants and contractual services, as an example. He explained that sustainable technologies are those aimed at sustainable development or step-change advances in the manufacturing or production process that reduce the material or the energy and/or the environmental impact of the production process or products. He emphasized that the Institute’s

work was aimed directly at businesses that make a product, and give the producer differentiation in the marketplace, a competitive edge, and therefore a better bottom line.

Chancellor Patterson explained that the work was often focused on the residual materials in the manufacturing process or the byproducts or waste products, such as potato peels, cranberry leaves, or cranberry skins. He provided the example of isoprene, which is used to produce latex, rubber, plastics, and pharmaceuticals, and is usually derived from petroleum products. At UW-Stevens Point, they were producing isoprene from paper and pulp mill waste, from the waste stream commonly known as sludge, which is hauled to landfills and dumped at a fee. He suggested that if sludge can be used to produce isoprene at the commercial level, for things like latex, other plastics, and rubber, it would lead to less dependence on petroleum products and would be much friendlier to the environment.

UW-Stevens Point is also working with the American Science and Technology Company, a private firm in Wausau, to develop biofuels from the paper industry waste stream. He said that in the future it is possible that the chemicals used to de-ice airplanes could be produced from recyclable plastics rather than from petroleum products.

Chancellor Patterson mentioned UW-Stevens Point's partnership with Nelson and Pade, an aquaponics company in Montello. He explained that aquaponics is the combination of aquaculture or fish farming and hydroponics, the growing of plants in a soil-less environment. He pointed out that aquaponics occurs in a greenhouse environment, which can be accomplished in any kind of climate, and on any scale. He also noted that aquaponics is accomplished with no pesticides, herbicides, or irrigation, which is particularly important in central Wisconsin.

Chancellor Patterson explained that UW-Stevens Point faculty from the Northern Aquaculture Demonstration Facility, on the shores of Lake Superior, were working with Nelson and Pade on research and development, and on training people who buy these systems. Every time one of these systems is sold, a new small business is created. He also pointed out that the project was providing hands-on experiences for students. A UW-Stevens Point academic course in this area was offered for the first time during the past semester.

Chancellor Patterson then turned to the challenges that UW-Stevens Point was facing in its efforts to provide a quality education for students. Chemistry courses were over-subscribed. However, the situation with biology courses was even more profound. In addition to the bottlenecked courses, he said the institution was also challenged with providing sufficient hands-on experiences for students, the experiences that prepare students for a career after graduation, such as undergraduate research or other external experiences.

Chancellor Patterson stated that UW-Stevens Point also had to close its teaching center as a result of the budget situation. This center was a place for faculty to come together as peers to discuss and develop new teaching strategies and pedagogy. He noted that the center was the quality-control piece on campus as it relates to teaching, and not being able to sustain that center would have a long-term effect on the campus. He also noted that there were reductions made to the alumni office and to a planned security system for campus.

Chancellor Patterson closed by stating that while there are challenges, the actions the Board took the day before (with respect to tuition) would help the institution sustain what it was doing right now. However, more would need to be done if the institution were going to help move the state forward, and provide the education that students so rightfully deserve.

As the chancellors closed their discussion, President Reilly pointed out that WiSys works to help all of the campuses outside of Madison and Milwaukee to develop intellectual property that faculty and staff are working on, determine whether it might be commercialized, and link that research with undergraduate education. He said that oftentimes, how well an institution does in undergraduate education is pitted against how well it does in research. He said that one of the geniuses of the UW System is that under the leadership of the chancellors, the System has figured out great ways to get undergraduates directly involved with top-notch researchers at many of the institutions. President Reilly pointed out the UW System has been recognized by the Council in Undergraduate Research, a national organization, for its work in this area. UW institutions have hosted Council of Undergraduate Research meetings, and UW chancellors have taken groups of students to national meetings at other institutions. Undergraduate research is one of the high-impact practices that lead to student success. He said this is one thing that the UW System is doing right, and that it is how economic development intersects directly with the experience of undergraduates at each institution.

Regent Bartell stated that he was always fascinated to hear about the research projects in which students get involved and through which they learn science, technology, and engineering. However, he said he was wondering about projects involving humanities. Regent Bartell also said he was sorry to hear that UW-Stevens Point's teaching center was closing. He suggested that as the UW System considers ways to get undergraduates involved in research and real-world projects, projects in the humanities that provide real-world experiences for undergraduates should also be kept in mind. Regent Bartell asked if the three Chancellors had any comments.

Chancellor Ford commented that the addition of the Rita Tallent Picken Regional Center for Arts and Humanities to the learning environment at UW-Parkside was evidence of the opportunities for students to get engaged with the humanities and the arts. She said that students are designing costumes, designing the sets for plays, and reaching out to work with K-12 students in music and art.

Chancellor Telfer stated that undergraduate research in the humanities and the social sciences was very prominent. He noted that at UW-Whitewater's Innovation Center Launch Pad, there were humanities-related projects, including one which tries to help international students communicate across campuses and adjust to American education.

Chancellor Patterson said that one of the four pillars of "a thriving community" is aimed directly at the arts and humanities. He said that UW-Stevens Point would be developing initiatives in this area, but the campus was already engaged, in a significant way, in the humanities. He noted that the institution recently announced the Mel Laird Outstanding Artist Award, intended to help launch the careers of graduating students. This was the second year the \$5,000 award was made, and it was made possible by Mr. Laird's contributions to the campus.

Senior Vice President Morgan thanked the Chancellors for their presentations, and noted that the Chancellors were involved in innovative approaches to both providing quality education to students, and also providing valuable services and partnerships with local businesses to encourage economic growth and activity throughout the state of Wisconsin.

Budgeting Approach

Mr. Morgan noted that in the 2013-15 biennium, the UW System would deploy resources to draw on some of the ideas that the Chancellors had shared, as well as those that would be provided by the other UW System institutions. He pointed out that the challenge would be with resources. The economic environment two years before, when discussions about the 2011-13 budget were starting, was grim -- the nation was in the grips of a great recession, unemployment in the state and the nation was near 9 percent, the stock market was at a significant low, and revenue projections for the state were anemic. He noted that in January 2010, the Legislative Reference Bureau projected that revenue growth in the first year of the 2011-13 biennium would be at about 0.2 percent. He said that UW institutions did their share in helping out with the state budget and took a quarter of a billion dollar cut in the biennial budget.

Senior Vice President Morgan noted that things were now a little bit different, and while there were still volatilities, the state had experienced job growth, with unemployment levels lower than they were two years before, and with the state expecting to see revenue growth in the next biennium of somewhere between 3 to 3.5 percent. He noted that at the end of the current biennium, the state expected to end the year with a surplus, projected by the Legislative Fiscal Bureau and the Department of Administration.

Senior Vice President Morgan said that a modest investment by the state should help to keep the UW System on a trajectory to meet the objectives of the *Growth Agenda*, and deliver on the performance measures required by the state. He noted that over the next two months, UW System leaders would engage in discussions with Regents as to what level of funding the UW System should request from the state, keeping in mind that the GPR request from the state would also impact tuition decisions that would be made by the Board. He said that while it is clear that there is much work to be done in the UW System to drive some of the *Growth Agenda* and performance measures, it is equally clear that the UW System is in a period of scarcity and resources are needed.

With regard to GPR block grant flexibilities, Senior Vice President Morgan noted that one of the most important flexibilities requested and provided to the UW System in the 2011-13 budget, was the ability to use state dollars in a more flexible way, allowing chancellors to deploy dollars consistent with their plans, as opposed to UW System Administration's dictating how funds should be used. He stated that in the current budget cycle, the UW System was transitioning away from the old "DIN" system to the block grant system. In previous biennial budget presentations, UW System leaders presented a budget with a package of new initiatives and programs, and sought designated state funding or a combination of state funding and tuition to support those new ideas. Those new ideas were called "decision item narratives" or "DINs", which tended to shape the UW System budget.

Senior Vice President Morgan stated that in the 2013-15 biennial budget, the System would use a new block grant allocation method for moving dollars to a campus. He said that from now on in the budgeting process, System leaders would talk about what the overall strategic approach might be, but Chancellors would be expected to give ideas as to how initiatives on the UW campuses would drive the *Growth Agenda* and also meet the state performance measures.

Mr. Morgan noted that in addition to new proposals for new spending and GPR support, the UW System would need to advance from the Board a funding request to cover debt service and other inflationary increases for items over which UW System has little to no control.

Mr. Morgan explained that in past biennia, Regents submitted a biennial budget request, and then later submitted a second set of recommendations to the Office of the State Employee Relations for pay plan funding for another budget request. With the new university personnel systems that will come online on July 1, 2013, System leaders were hoping to integrate the compensation plan into the block grant budgeting. Senior Vice President Morgan asked if there were any questions about the approach or ideas presented.

Senior Vice President Morgan noted that UW System institutions have very low administrative costs as a percentage of overall costs. He said that in the spirit of continuing that, the UW System had asked and would continue to ask for operational flexibilities.

He noted that there were two operational flexibilities that the UW System would pursue in the upcoming budget, both of which were endorsed by the legislative Task Force, the first pertaining to procurement. He said that the UW System would ask that the UW System Board of Regents be given full authority to manage procurement for the UW System institutions. If the UW System is successful in gaining this flexibility, approximately \$3 million would be saved through new efficiencies and the elimination of redundancies. Senior Vice President Morgan noted that the UW System would submit to any audit that the state might have. He added that System leaders believe UW System can manage procurement in a way that will allow for efficiencies, and save dollars that can be invested into the core mission.

Mr. Morgan indicated that the second proposed flexibility relates to capital budget and construction. Under current law, the Department of Administration contracts for architectural and engineering services on all projects, and manages construction. The UW System would be asking that the management of architectural and engineering services on buildings in the System be completed by professionals within the UW System, through partnerships between Associate Vice President David Miller and professionals at the campuses. He noted that with these flexibilities, the UW System would be much more efficient in the design of buildings because individuals that would be using the buildings would be intimately involved in the design of the buildings.

Senior Vice President Morgan stated that the goals and recommendations that will be presented to the Board in the 2013-15 biennial budget proposal would align with the ideas that emanated from the Board. He noted that one other challenge facing the UW System is the issue of quality, particularly as it relates to campus faculty and other personnel.

Regent Drew asked if there was any data on the retention of faculty or the number of faculty leaving. He stated that there was a lot of anecdotal information, and asked if there was any data on how many faculty were leaving via retirement or leaving for other opportunities. Senior Vice President Morgan asked Associate Vice President of Human Resources Al Crist if he had any information to report. Associate Vice President Crist stated that institutions have been asked to provide the data, and he hoped to have it available in August.

President Reilly added that another aspect of this issue is the search process, and the anecdotal information is that because of the salary level, institutions are not able to hire their first or second choice when conducting a search. In addition, some search efforts fail because there is nobody that is willing to take the job. Senior Vice President Morgan stated that System leaders are working to accumulate the data that will show the impacts of what has been discussed.

Regent Whitburn asked if UW System Administration had the capacity to mine the data to determine how many tenured faculty left in the last year. Senior Vice President stated that while it might not appear to be difficult, it was at least moderately difficult, and mining the data would take more time than originally anticipated. He said that Associate Vice President Crist and his team were working hard to make sure the data would be available. Regent Walsh pointed out that one of the problems is that some of this information may not be readily available. The indirect impacts are the failed search processes, and when there is data it needs to be interpreted.

Senior Vice President Morgan agreed that any data would have to be interpreted. However, he said that in comparison to institutional peers, the median salaries at UW institutions are much lower. In addition, when a UW institution goes to the marketplace to hire a chemistry professor, no one knows how many potential candidates decide to not apply because of the salary. While UW institutions get a number of applications, no one knows if the applications are from the most competitive applicants.

Regent Whitburn also pointed out that there is an issue with salary compression. Senior Vice President Morgan agreed that UW institutions are also dealing with salary compression issues. If an institution tries to bring someone in from the outside and pays them a higher salary than existing faculty are paid, it leads to other challenges at the institution, and compression is potentially one of the challenges. He noted that there is a complex mix of facts and observations that must be considered when developing recommendations on how to address this issue. He emphasized that the salary issue needs to be addressed, and has been unaddressed for far too long, creating a problem for faculty and staff on campuses.

Capital Budget

Senior Vice President Morgan then introduced Associate Vice President David Miller to provide information on the capital budget. Associate Vice President Miller started by explaining that the purpose of his presentation was to provide the basis and justification for capital planning so that Regents understand what they will be asked to review, consider, and approve in August. He stated that there are three statutory requirements that guide general planning. The first is a legislative requirement for the state and all agencies to do long-range planning, and those plans

are supported by successive legislatures. The second requirement is for all state agencies to submit proposed projects by September 15th of even-numbered years. He said that the final requirement is for the Board of Regents to have a process for reviewing and approving all recommendations that go to the state and the Building Commission.

Associate Vice President Miller stated that to understand UW System facilities, it helps to look at what the UW System has right now. Currently, UW System facilities include 58 million square feet of space. Approximately 37 million of that is academic space, what is referred to as GPR-supported, or state tax dollar-supported space, and approximately 20 million square feet of space is for student life and auxiliary activities. To provide a context for the impact of a single biennial capital budget, he suggested looking at the current 2011-13 budget, which was a fairly large capital budget. He noted that the square footage of the 13 major academic projects included in the 2011-13 budget amounted to only 2.8 percent of all academic space.

He explained that the reason he was presenting the information in this way was to emphasize that while the capital budget looks like a lot of money, the impact in the scale of what the UW System owns and operates is relative. He explained that the UW System is able to do a lot more upkeep, maintenance, and modernization of student life facilities simply because there is a revenue source to support it. He indicated that for the 2011-13 budget, there were 21 major student life projects that amounted to 5.5 percent of student life space.

Associate Vice President Miller explained that the UW System accounts for 65 percent of all state facilities, and referred to a slide that illustrated capital funding over five biennia for the university and all other state purposes.

He then referred to another slide, which he said showed the looming problem in higher education nationally. He explained that many universities built buildings between the late 1950s and the early 1970s, and the buildings had an expected 30 to 40 years of useful life. He said that the buildings were not built with flexibility in mind, and the buildings are generally a lot of poured concrete that is very difficult to remodel. Campuses are inundated with these types of buildings, and faced with constant decisions to demolish and replace the buildings.

Associate Vice President Miller explained that to put together a capital budget, one must start by considering revenue sources. He explained that the state has two primary sources of revenue for capital projects: general fund supported borrowing, which is debt that is repaid with taxpayer dollars, and generally accounts for approximately 40 percent of UW System's capital budget, and program revenue supported borrowing. He said that the UW System does not have program revenue bonding for university projects. The program revenue borrowing is a ledger or accounting exercise; it is the same general obligation bond issued by the state, backed by the good faith and credit of the state, as the taxpayer-supported bond. He noted that this was a very important distinction because policy makers and the legislature look at those bonds supported by program revenue as state debt, even though there is a source of revenue supporting them and taxpayer funds do not contribute.

Mr. Miller also explained that there are currently two major categories of projects, those that are "major projects," defined in statute as constructing new space and over \$760,000, and

“all agency funds” projects. With the second category of “all agency” projects, there is a “bureaucrats’ agreement” that the UW System can do larger projects through the “all agency” program because those funds are enumerated by the legislature, but the largest project the UW System can generally undertake is \$3 million.

Associate Vice President Miller explained that to determine how much funding to ask for, it is useful to look at how previous capital budget requests have fared. He pointed out a note on a slide which indicated that general fund supported borrowing debt payments should average about 4 percent of state general purpose revenue. He stated that this note was a guideline -- not a policy, an administrative rule, or statute -- but closely adhered to by the state Department of Administration and the Legislature. It represents another informal agreement that determines the size of a biennial capital budget, and that is that general fund supported debt should be about 4 percent of general purpose revenue in that year. He noted that this amount is calculated every year.

Pointing to the same slide, he stated that the total new general fund supported borrowing approved in each biennia is predicted to be approximately \$535 million for the entire state, including UW System “major” projects, for which \$98 million is already on the books, advance enumerated. He said that the UW System has to determine how much to ask for in “major projects” and how much to ask for in “all agency.” He explained that “all agency” is a fund that is shared by all state agencies, of which the university receives approximately 60 percent for maintenance projects.

Mr. Miller stated that for the 2013-15 biennium, \$98 million is already enumerated for three projects: UW-Milwaukee’s Master Plan Initiative, Kenwood IRC; UW-River Falls’ Falcon Center; and UW-Madison’s Nursing facility. The UW System must also determine the amount for new enumerations and the amount for maintenance, renovation, and repair, which would include “all agency” projects, utilities, and classroom renovations. He explained that the base for determining a predictable amount to request would be \$400 million of new general fund supported borrowing. He said that the UW System used to submit long lists of projects, in some type of queue, to DOA, and DOA would determine a level of funding for projects in the queue; as projects were funded, others would move up the queue. He stated that that process failed about four biennia before, when the state determined that this was not good planning, and that good planning was setting priorities, sticking to the priorities, and determining where the limited funds should be applied. He said that DOA also said that if the UW System did not want to do that, DOA would do it for the System. The Board of Regents at that time decided that it was the prerogative of the Board to prioritize projects, which is why the UW System is very serious about the funding of capital projects and does not submit long “wish lists” of projects.

Associate Vice President Miller stated that institutional needs for funding surpass any amount of money that the UW System could hope to get, which makes the job of prioritizing projects very difficult. The 2013-15 funding requests from institutions included 22 major academic projects totaling \$769 million and 19 student life and auxiliary projects totaling \$530 million. He added that at the meeting the prior day, Regents received a list of requested projects. Some of the projects were quite large, and the larger the projects, the fewer projects there are.

Associate Vice President Miller explained the process used to select projects. He indicated that the Board approves a set of ranking criteria that goes through a vetting process that starts with campus planners, then campus vice chancellors, and then chancellors; the criteria eventually receive Board of Regents approval. The criteria are a tool used to determine where projects are slotted, and where a project is placed relative to other projects is based on a number of factors. Mr. Miller said that “priority” implies that one project is more important than the others, which is not always the case; sometimes priority is based on when the campus can absorb a project. For example, if a project requires that a building be emptied, funding is not useful until the campus is ready to empty the building.

With regard to maintenance of UW System facilities, Associate Vice President Miller stated that this issue had been discussed a lot, and it is a process that needs to change. He added that he was glad to report that the Legislative Task Force and DOA were supportive of a statutory change in the way maintenance projects are funded, which would increase the viability of projects, and help to address the backlog maintenance projects.

Associate Vice President Miller referred to his next slide which showed the two categories for funding: major projects, which are those greater than \$760,000 and include all new space, major renovation, and major repairs; and “all agency” projects, which are those less than \$3 million that must fit into one of seven categories (facility repair and renovation; utility repair and renovation; health safety and environment; preventative maintenance; programmatic remodeling; land purchase/acquisition; and capital equipment). He explained the rules associated with the funding, namely that a project cannot be greater than \$3 million and must fit into one of the categories, and that there is limited amount available within each category, generally lead to trying to fit square pegs into round holes and bad projects.

He explained that what was proposed to the legislative Task Force was to make major projects those over \$1 million and to include new buildings and additions; that is, only new square footage would be included. In addition, funding for maintenance, repair, and renovation would be provided in the form of a block grant of general fund supported borrowing, with the Board of Regents and the state Building Commission approving each project.

Associate Vice President Miller then showed slides of several recent projects. He noted that the UW-River Falls chiller plant was a very important “all-agency” project for the campus. At UW-Madison, the School of Human Ecology project was an example of a “major” project. This project took an existing historic building in the old part of campus and created a beautiful sympathetic addition that doubled the space of the building, and totally renovated the existing building. He noted that it was a very complex project, and involved funding spread over three biennia. He added that it was a great example of the impact of facilities. Referring to the number of recent facility projects at UW-Milwaukee, he stated that there was no greater example of the impact that facilities can have on a campus and the academic program, than UW-Milwaukee.

Referring to another slide of Carlson Hall at UW-Whitewater, Associate Vice President Miller stated that the project was an example of what the UW System wants to move toward. He explained that Carlson Hall was vacated when the College of Business and Economics was

created. Without the authority to renovate the entire building all at once, piecemeal renovations would have continued for years. For example, plumbing would have been done in one biennium, and HVAC work in another biennium, all without moving any walls because that would be considered remodeling, which cannot be done as part of the “all-agency” program. He said that now, the UW System can do entire buildings at once. He explained that because this was considered a “major” project, it had to be enumerated by the legislature. He also showed slides of the renovation, and explained that the building would be gutted, but in the end UW-Whitewater will have a totally new building by saving an old building.

Associate Vice President Miller stated that the UW System has approximately 1,600 classrooms, and approximately half of them are untouched. He then showed some slides of how classrooms and old lecture halls can be modernized. He concluded by indicating that the decisions for the capital budget rest at the state capitol, and the UW System must continue to advocate for the capital budget. He emphasized that the week’s events at UW-Milwaukee were a great demonstration of the impact that facilities can have on instruction and recruitment. He then thanked the Regents and asked if there were any questions.

Regent Whitburn asked about debt service and the UW System’s total bonding exposure. Associate Vice President Miller stated that it would be difficult to know because the state does not issue bonds for specific projects, but instead issues very large blocks of bonding for \$500 to 700 million at a time, and holds that in reserve, sometimes investing that and earning money while holding the bonds. As projects are approved, the state, on its ledger, moves that debt to specific projects. He stated that the UW System does not manage its debt; the state manages debt in a total capacity. In addition, there has been refinancing over the years, so it is difficult to know the UW System’s share. He stated that he could work with DOA to obtain that information, but it is not something that is currently tracked.

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The full-Board meeting was recessed at 10:55 a.m. for a meeting of the Research, Economic Development, and Innovation Committee, as a committee of the whole, and reconvened at 11:30 a.m.

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REPORT AND APPROVAL OF ACTIONS TAKEN BY THE CAPITAL PLANNING & BUDGET COMMITTEE

Vice President Smith noted that the written report of the Capital Planning and Budget Committee had been provided and turned to Regent Bartell for any additional comments.

Joint Meeting with the Business, Finance & Audit Committee

Regent Bartell reported that the Capital Planning and Budget Committee first met jointly with the Business, Finance, and Audit Committee to hear a presentation on “Building a Better Wisconsin, Construction Underway and Beyond.” Vice Chancellor Christy Brown spoke of the

status of the Milwaukee Initiative by describing the portions already completed and the building projects underway or soon to begin. Ms. Brown stated that this initiative would provide more than 4,000 construction jobs, as well as enable growth in research, which itself would lead to new private-sector jobs in Wisconsin.

Consent Agenda

Regent Bartell reported that the two committees then separated, and the Capital Planning and Budget Committee addressed ten resolutions relating to construction and lease of capital projects, four of which came from UW-Milwaukee. All ten of those projects, including all-agency maintenance and repair projects on three campuses, were approved. Regent Bartell presented approval of Resolutions 10076, 10077, 10078, 10079, 10080, 10081, 10082, 10083, 10084 and 10085 as a consent item, and moved their adoption. The motion was seconded by Regent Drew and adopted on a unanimous voice vote.

Authority to Amend the Lease Agreement with Outagamie County and Winnebago County to Add Acreage and Building Improvements, UW Colleges

Resolution 10076: That, upon the recommendation of the UW Colleges Chancellor and the President of the University of Wisconsin System, authority be granted to amend the UW-Fox Valley lease agreement with Outagamie County and Winnebago County to add approximately 1.975 acres and building improvements.

Approval of the Design Report and Authority to Construct the General Library System Storage Facility Project, UW-Madison

Resolution 10077: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, the Design Report of the General Library System Storage Facility project be approved and authority be granted to construct the project at a total cost of \$1,500,000 Gift Funds.

Approval of the Design Report and Authority to Construct the Elizabeth Waters Renovation Project, UW-Madison

Resolution 10078: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, the Design Report of the Elizabeth Waters Residence Hall Renovation project be approved and authority be granted to construct the project at a total estimated project cost of \$7,100,000 Program Revenue Supported Borrowing.

Authority to Trade Land with the City of Madison, UW-Madison

Resolution 10079: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, authority be granted to trade approximately 7,247 square feet of land with the city of Madison for a parcel of the same size, which is located in the city of Madison, Dane County.

Approval of the American Family Children's Hospital Addition Project, UW-Hospital and Clinics Authority Board

Resolution 10080: That, upon the recommendation of the UW Hospital and Clinics Authority Board, authority be granted to construct a two-story addition to the American Family Children's Hospital, which is part of the Clinical Sciences Center on the UW-Madison campus, at a total cost of \$28,000,000 (\$20,000,000 Operating Revenue (non-state) and \$8,000,000 Gift Funds).

Approval of the Design Report and Authority to Construct the Northwest Quadrant Children's Center Relocation Project, UW-Madison

Resolution 10081: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, the Design Report for the Northwest Quadrant Children's Center Relocation project be approved and authority be granted to construct the project for a total estimated project cost of \$11,981,000 Program Revenue Supported Borrowing.

Authority to Enter into a Lease of Space to Support the College of Engineering and Applied Science and the College of Health Sciences, UW-Milwaukee

Resolution 10082: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to enter into a new lease of 23,713 gross square feet of space at the Innovation Accelerator Building on behalf of UW-Milwaukee.

Authority to Enter into a Lease of Space to Support the Division of Academic Affairs and Research, UW-Milwaukee

Resolution 10083: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to enter into a new lease of the Cozzens-Cudahy Research Center premises including the building of approximately 18,000 gross square feet, together with the land, and all other buildings, improvements, and appurtenances on behalf of the UW-Milwaukee Division of Academic Affairs and Research.

Approval of the Design Report for the Kenwood Interdisciplinary Research Complex-Phase I Project and Authority to Adjust the Scope and Budget and Construct the Project, UW-Milwaukee

Resolution 10084: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, the Design Report for the Kenwood Interdisciplinary Research Complex (IRC)-Phase I project be approved and authority be granted to: (a) increase the scope and budget by \$5,000,000 Agency Cash and (b) construct the project at an estimated total project cost of \$80,010,000 (\$43,330,000 2011-13 General Fund Supported Borrowing, \$1,600,000 Gift/Grant Funds, and \$5,000,000 Agency Cash for a total of \$49,930,000 in 2011-13, and \$30,080,000 2013-15 General Fund Supported Borrowing, available July 1, 2013).

Authority to Construct All Agency Maintenance and Repair Projects, UW System

Resolution 10085: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct various maintenance and repair projects at an estimated total cost of \$14,287,800 (\$4,880,750 General Fund Supported Borrowing, \$6,950,600 Program Revenue Supported Borrowing, \$1,932,550 Program Revenue Cash, and \$523,900 Gift/Grant Funds).

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REPORT AND APPROVAL OF ACTIONS TAKEN BY THE EDUCATION COMMITTEE

Vice President Smith noted that the written report of the Education Committee had been provided and turned to Regent Vásquez for any additional comments.

Committee Business

Regent Vásquez highlighted two items: (1) a presentation by UW-Milwaukee on “Building a Healthier Wisconsin,” which illustrated the power and productivity that comes from interdisciplinary collaboration and campus community partnerships; and (2) an important discussion on the revision of the program planning, review and approval process. He said that the committee would receive a report on the latter item at its August meeting.

Consent Agenda

Regent Vásquez moved adoption of Resolutions 10086, 10087, 10088, 10089, and 10090, which along with the April 12, 2012 committee minutes, had been unanimously approved by the committee. The motion was seconded by Regent Whitburn and adopted on a unanimous voice vote.

Acceptance of the Proffer from the Trustees of the William F. Vilas Trust Estate

Resolution 10086: That, upon recommendation of the Chancellors of the University of Wisconsin-Madison and the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Board of Regents accepts the proffer of \$4,401,962.00 made by the Trustees of the William F. Vilas Trust Estate for fiscal year July 1, 2012 to June 30, 2013, as provided by the terms of the William F. Vilas Trust, for Support of Scholarships, Fellowships, Professorships, and Special Programs in Arts and Humanities, Social Sciences, Biological Sciences, Physical Sciences, and Music.

Program Authorization (Implementation) B.S. in Environmental Studies, UW-Parkside

Resolution 10087: That, upon the recommendation of the Chancellor of the University of Wisconsin-Parkside and the President of the University of Wisconsin System, the Chancellor be authorized to implement the Bachelor of Science in Environmental Studies.

Program Authorization (Implementation) B.B.A. in International Business, UW-Whitewater

Resolution 10088: That, upon the recommendation of the Chancellor of the University of Wisconsin-Whitewater and the President of the University of Wisconsin System, the Chancellor be authorized to implement the Bachelor of Business Administration in International Business.

Program Authorization (Implementation) Online Master of Science in Nursing, UW-Green Bay

Resolution 10089: That, upon the recommendation of the Chancellor of the University of Wisconsin-Green Bay and the President of the University of Wisconsin System, the Chancellor be authorized to implement the Online Master of Science in Nursing.

2012 Report on Faculty Promotions, Tenure Designations, and Other Changes of Status

Resolution 10090: That, upon recommendation of the respective Chancellors and the President of the University of Wisconsin System, the 2012 Report on Faculty Promotions, Tenure Designations, and Other Changes of Status be approved.

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REPORT AND APPROVAL OF ACTIONS TAKEN BY THE BUSINESS, FINANCE & AUDIT COMMITTEE

Vice President Smith noted that the written report of the Business, Finance, and Audit Committee had been provided and turned to Regent Bradley, committee vice chair, for any additional comments.

Committee Business

UW System Policies Related to the Reporting of Crimes Against Children

Regent Bradley reported that after the joint meeting with the Capital Planning and Budget Committee, the Business, Finance, and Audit Committee heard from Elizabeth Dionne, Director of the Office on Operations Review and Audit. She presented a summary of the recently-completed program review of the UW System policies on reporting of crimes against children. This review had been a specific request of the committee. The committee passed Resolution 10091, which endorsed eight separate program-review recommendations. The committee was supportive of the recommendations and also suggested that national criminal background checks be standardized and that vendors and volunteers be subject to criminal background checks in instances of similar risk; the cost of implementation should also be calculated.

Quarterly Status Update

Regent Bradley said that Ms. Dionne continued with the Quarterly Status Update of projects in progress in the Office of Operations Review and Audit, along with information regarding current and/or pending activities of the Legislative Audit Bureau which may impact the UW System.

Report of Large/Vital Information Technology Projects

Senior Vice President Michael Morgan presented the semi-annual report of large and vital information technology projects, as required by Wisconsin statutes, including Phase 2 of the HRS implementation and the Pioneer Administration Software System (PASS) reimplementation.

Annual Gift, Grant and Contract Awards

Debbie Durcan, Vice President for Finance, presented a summary of gift, grant, and contract awards for the period of July 2011 through March 31, 2012. The total awards for this period were approximately \$1.2 billion, which was an increase of \$14 million compared to the prior year. Federal awards were down, but the University System continues to become more competitive in attracting nonfederal research grants.

Report of the Senior Vice President

Regent Bradley reported that Michael Morgan and IT Project Director Lorie Docken offered the final report on the Human Resources Project as well as an update on the current (through April 30, 2012) status of the HRS implementation; Associate Vice President of Human Resources and Workforce Diversity Al Crist gave a status update on the progress of the new University Personnel Systems being developed; and Senior Vice President Morgan initiated a discussion with the Committee regarding some potential deep-dive topics on which the committee may focus in the future.

Consent Agenda

Regent Bradley moved adoption of Resolutions 10091, 10092, 10093, and 10094 which, along with the April 12, 2012 committee minutes, had been unanimously approved by the committee. The motion was seconded by Regent Bartell and adopted on a unanimous voice vote.

Review of Policies Related to the Reporting of Crimes Against Children

Resolution 10091: That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents endorses the recommendations included in the Office of Operations Review and Audit's Review of Policies Related to the Reporting of Crimes Against Children and encourages their adoption as soon as practicable.

UW-Oshkosh Contractual Agreement with Mac-Gray Corporation

Resolution 10092: That, upon recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the President of the University of Wisconsin System, the Board of Regents approves a seven-year contract with Mac-Gray Corporation to provide Coin Operated/Debit Card Laundry Services to the University effective July 1, 2012.

UW-Madison Contractual Agreement with PharmaNet, LLC

Resolution 10093: That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the University of Wisconsin-Madison and PharmaNet, LLC.

UW-Madison Contractual Agreement with Learfield Communications

Resolution 10094: That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the Second Amended and Restated Exclusive Multi-Media Rights Agreement with Learfield

Communications, which will provide Learfield certain marketing and multi-media rights.

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UPDATE ON LEGISLATIVE TASK FORCE ON UW RESTRUCTURING AND OPERATIONAL FLEXIBILITIES

Vice President Smith turned to Regent Falbo for an update on the Legislative Task Force on UW Restructuring and Operational Flexibilities, which had its most recent meeting on Wednesday, June 6th.

Regent Falbo said that he would talk about both the May 9th and June 6th meetings of the Task Force. At the May 9th meeting, the Task Force heard presentations on a variety of concerns from students, faculty, academic staff, and operational classified staff. The Task Force also discussed recommendations regarding governance, articulation and credit transfer, and UW required reports. Recommendations supported by the majority of Task Force members included chancellors being encouraged to create institution-level advisory boards with one or two regent members, one of whom should be from outside the institution's region. Task Force members also supported continued chancellor participation on the President's Cabinet and other leadership discussions.

As for transfers, members supported modernization of the Transfer Information System and thought it should be updated and used as much as possible with the integration of WTCS and private institutions. Also, there was support for initiatives to enhance and strengthen transfer advising. The Task Force also discussed all of the reports that the UW System does for other agencies, and decided to defer this topic.

At the June 6th meeting, Regent Falbo said that the Task Force discussed recommendations regarding personnel systems and compensation plans, tuition authority, and capital planning and procurement flexibilities. Recommendations supported by the majority of the Task Force under personnel systems included: (1) through the personnel systems being developed, the Board of Regents and the UW-Madison chancellor should decide how personnel transfers will occur in the future; and (2) personnel systems should also address the role of staff formerly in classified service, as well as shared governance.

Regarding compensation plans, rather than the current multiple step process, involving the Board of Regents, OSER, JCOER, the Legislature, and the Governor, the Board of Regents should request funding for employee compensation through the biennial budget process. This would allow the UW to consider compensation as part of its total funding request and as part of a comprehensive approach to budgeting. The Task Force considered a "me too" proposal, which would ensure that UW employees receive no less than the pay plan approved by JCOER and the state Legislature for state employees. This proposal was not supported by a majority of the task force members, but would be included in the minority report in that section. Also, the Board of Regents should have the authority to provide merit-based salary increases using base resources, currently prohibited by state statute.

Regent Falbo said that with respect to tuition authority, the Task Force recognized that the Legislature and Governor would continue to play a role in determining tuition. Therefore, the Task Force would be recommending that the Board of Regents develop a comprehensive proposal on tuition and pricing for submission and consideration by the Legislature.

Under Capital Planning and Flexibilities, the Task Force supported the four recommendations made by the UW System: (1) primary responsibility for planning and design for UW projects should be placed with the Board of Regents; (2) DOA should strengthen its staffing capacity and project delivery and construction supervision; (3) enumeration should be redefined to create two categories, new space and existing facilities; and (4) the threshold for enumeration for new projects should increase from \$760,000 to \$1 million. The last two were supported by DOA; the first were not. The Task Force would also be recommending that a third-party entity review the entire capital planning process, including the roles of DOA and the UW, to find additional efficiencies for consideration.

Regent Falbo said that, related to procurement, the Task Force supported the recommendations made by the UW System to grant authority to the Board of Regents under Chapter 36 to make all purchasing decisions for the UW System institutions. This should include rulemaking authority. Other recommendations would include: a requirement that UW institutions purchase from mandatory state contracts unless the purchase is available at a lesser cost, and the extension of all UW contracts with DOA, state agencies and other governmental and educational entities whenever authorized to do so. In conjunction with these changes, the UW procurement process would shift to a post-award audit process, which will be less bureaucratic and should reduce duplication of effort by UW and DOA procurement staff.

The Task Force would be circulating its recommendations to all of its members for review and comment and a final report would be drafted. Regent Falbo said that he believed the Task Force covered a lot, and with positive outcomes. The final report will go to the Legislature.

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APPROVAL OF 2013 BOARD OF REGENTS MEETING SCHEDULE

Vice President Smith noted that a draft 2013 Board of Regents meeting schedule was in the Board packets. Regent Whitburn moved approval of Resolution 10095, adopting the schedule. Regent Roberts seconded the motion, and the motion was adopted on a unanimous voice vote.

Approval of 2013 UW System Board of Regents Regular Meeting Schedule

Resolution 10095: That, upon the recommendation of the Secretary of the Board of Regents, the Board of Regents adopts the attached regular-meeting schedule for 2013.

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ELECTION OF OFFICERS OF THE BOARD OF REGENTS

Vice President Smith announced that the next agenda item was the election of officers. He said that since he anticipated being involved in the election, he had asked Regent Pruitt, the most immediate past president still serving on the Board, to preside during the election process.

Process

Regent Pruitt moved to the side of the table opposite Vice President Smith, so that he could make eye contact with all. He noted that the Board's bylaws specify that officers of the Board are elected at the annual meeting, held in June, and hold their offices for one year, until their successors are elected. If there is only one nominee for the office, the election is by voice vote. If there is more than one nominee, the election is by ballot. Terms of the office begin immediately after the June meeting.

Regent Pruitt, recognizing that there were a number of new Regents, asked if anyone had questions about the process. Hearing none, he proceeded, saying that Secretary Radue would be issuing the ballots. She would be the only person holding the ballots, would make a count of the ballots, and would present the count to him to be announced.

Election of President and Vice President of the Board

Nominations

Regent Pruitt asked if there was a nomination for the office of President of the Board. Regent Tyler said that he planned to make a nomination, but would like to first make some comments, because he understood that there may be multiple nominations. He said that he had the opportunity and the pleasure to serve under the leadership of both Regent Smith and Regent Falbo and had the highest regard for both.

Regent Tyler said that he recently spoke with each of them when they indicated their desire to lead the Board. He expressed delight in having two outstanding candidates. He said that he normally would have a bias for a process of moving from vice president to president. Citing the challenging political and economic environment, as well as the challenging past couple of years, Regent Tyler said that he suspected the next couple of years also would be challenging. He said he believed strongly that relationships with lawmakers and the administration would be paramount to the relationship between the Board and the System and those lawmakers and the state administration. Therefore, he said he was nominating Regent Mike Falbo for President. Regent Pruitt asked for a second to the nomination, which was provided by Regent Pointer.

Regent Pruitt asked if there were additional nominations for President of the Board. Regent Pruitt recognized Regent Bradley, who nominated Vice President Brent Smith as President. He said he had two reasons for this nomination. The first reason was because Regent Smith had demonstrated his outstanding leadership, he said. Citing his service as Business, Finance, and Audit Committee chair for a number of years; his leadership on some special

committees; and his performance over the past year as Vice President, Regent Bradley said that Regent Smith's leadership ability had also been recognized by his colleagues on the Technical College Board when he served on that board and they elected him as their president. He said that he thought there were few people in the state with the breadth and depth of understanding of public higher education that Regent Smith had. He praised Regent Smith's experience, ability, dedication to the university's mission, and ability to deal with a very diverse constituency, whether at the system level, among the UW institutions, at the state Capitol, or in communities throughout the state.

Regent Bradley said that his second reason for nominating Regent Smith was because of the University System's position as a special agency of state government. Regent Bradley said that he thought the Legislature did something special when it created the UW System as part of Chapter 36; the Legislature provided that the Board, not the Governor and not the Legislature, would determine who would best lead the institutions. The Legislature determined that the Board, not the Legislature and not the Governor, would determine who was best to lead the System office as President. The Legislature decided that the Board, rather than the Governor or the Legislature, would determine who was best to lead the Board. In doing so, Regent Bradley said, the Legislature followed best practices of the private sector. Private sector policy boards of complex organizations elect vice presidents, one reason being that they can step in in an emergency, but primarily to groom them to be the future president. Regent Bradley stated that this is what the Board of Regents had done. The history of the Board was to select a vice president, and have that person develop more institutional memory and be ready for a smooth transition. He said he did not see any reason to depart from the Board's historical practice; Vice President Smith had demonstrated that he was ready to be President.

Regent Pruitt asked if there was a second to this nomination, and Regent Walsh seconded the nomination. Regent Walsh said that he believed Vice President Smith's experience was important in the current economic times, with the current issues, given the multiple constituencies. He said the Vice President Smith's experience, with the Technical College Board, where he served for a long time and from which he was representative on the Board of Regents even before being appointed to the Board, provided a wonderful background and experience. He also had significant experience on the Board of Regents as vice chair and chair of the Business, Finance, and Audit Committee. The Board does have a history of transition, he said. Having served as vice president and president himself, Regent Walsh observed that the vice presidential year is very important and had recently become an even more engaged process. Regent Walsh also said that he wanted to remind Regents that the statutes tell the Board what its responsibility is. Quoting, he said that "the primary responsibility for governance of the system is vested in the board of regents," meaning that it is the Board of Regents that makes the decisions.

Regent Walsh said that he could think of numerous times when Board members had differences of opinion with members of the Legislature, the Governor's office, or the public. This is because the Board prizes its independence. For example, when Mayor Barrett and Governor Doyle urged the Board not to approve the School of Public Health in Madison about five years earlier, Regent Walsh said that the Board had pressure on it, but had gone through a

process and arrived at a decision to build the school, now one of the two integrated schools of public health and medical schools in the country.

Regent Walsh also cited examples of the Board's defense of academic freedom, even in the face of pressure from both sides of the aisle. He said that the Board's statutory governance of the System is not politics. He said that he appreciated the relationships, and had a good relationship with Governor Thompson and Governor Doyle, but he did not feel he had to agree with them.

He again emphasized the history of transition, Regent Smith's having gone through the transition as Vice President. He observed that Regent Falbo is a competent person, and expressed his support for his being Vice President and going through the same process. He said he could not remember a time when the Board did not elect the Vice President to be President.

First Ballot

Regent Pruitt asked if there was any further discussion on the nominations. There was no further discussion. Regent Pruitt said that, following the Board's bylaws, when there is more than one nomination, the election is by ballot. He asked Secretary Radue to distribute the paper ballots, collect them, count them, and report the count to him.

This process was followed, and Regent Pruitt announced the results: Regent Falbo received nine votes, and Regent Smith received nine votes. Ten are needed to elect a new president.

Regent Pruitt said that the procedure [Robert's Rules of Order] prescribes that if there is a tie, the Board would repeat the process of seeking nominations and voting. Regent Walsh asked what would happen if the vote remained nine to nine. Regent Pruitt turned to General Counsel Stafford for a response. Mr. Stafford said that Roberts Rules of Order, which govern the Board's process, prescribe that the body is to continue voting until it successfully elects an officer by a majority.

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The Board's having met for nearly three hours, President Pruitt suggested the Board take a brief recess. The Board recessed at 11:55 a.m. and reconvened at 12:10 p.m.

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Second Ballot

Resuming the election, Regent Pruitt asked for nominations for President of the Board. Regent Tyler nominated Regent Falbo, and the nomination was seconded by Regent Pointer. Regent Pruitt asked if there were further nominations, and Regent Bradley nominated Vice President Smith. The nomination was seconded by Regent Walsh. There was no further discussion.

Regent Pruitt again asked Secretary Radue to distribute the paper ballots, collect them, count them, and report the count to him. This process was followed, and Regent Pruitt announced the results of the second vote: Regent Falbo received nine votes, and Regent Smith received nine votes.

Third Ballot

Continuing, Regent Pruitt again requested nominations for President of the Board. Regent Tyler nominated Regent Falbo, and the nomination was seconded by Regent Pointer. Regent Pruitt asked if there were further nominations, and Regent Bradley nominated Vice President Smith. The nomination was seconded by Regent Walsh. There was no further discussion.

Regent Pruitt again asked Secretary Radue to distribute the paper ballots, collect them, count them, and report the count to him. This process was followed, and Regent Pruitt announced the results of the third vote: Regent Falbo received nine votes, and Regent Smith received nine votes.

Slate of Candidates

Regent Pruitt recognized Regent Whitburn, who suggested a unanimous ballot of a slate of Regent Smith in the position of President and Regent Falbo in the position of Vice President. Regent Millner seconded this nomination.

The nomination led to questions about whether a slate of candidates for two different positions could be nominated. General Counsel Stafford indicated that it did not seem to be prohibited, although Robert's Rules do discuss and suggest that it is proper for the Board to select a president first, then the vice president and other officers in the order as listed in the bylaws. He concluded that clear guidance was not provided.

Following some discussion about whether the vote on the two candidates together would need to be by paper ballot, roll call, or by voice vote, it was concluded that if there were no other contenders for the offices, then the vote on a slate of the two candidates would appropriately be conducted by voice vote. Regent Pruitt put the question to a vote, and Regent Smith was elected President and Regent Falbo, Vice President. The vote was met with applause.

Regent Pruitt asked if either the president-elect or vice president-elect would like to make any comments. Hearing none, he turned to the next item on the agenda.

Election of Other Officers of the Board

Regent Pruitt announced the election of the remaining officers of the Board. He said that incumbents of the offices of Secretary of the Board, Assistant Secretary, Trust Officer and Assistant Trust Officers are as follows: Jane Radue, Secretary of the Board; Jessica Lathrop, Assistant Secretary focusing on policy analysis; Ann Nottestad, Assistant Secretary focusing on operations; Deborah Durcan, Trust Officer; Tom Stafford, Assistant Trust Officer; and Doug Hoerr, Assistant Trust Officer.

Regent Pruitt asked for a nomination to elect these officers, and Regent Drew made the nomination. The incumbents were re-elected on a unanimous voice vote, after which Regent Pruitt turned the gavel back to Vice President Smith.

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RESOLUTION OF APPRECIATION TO UW-MILWAUKEE FOR HOSTING THE JUNE MEETING

Vice President Smith then asked Regent Vásquez to present the resolution of appreciation to UW-Milwaukee for hosting the June meeting.

Resolution of Appreciation to UW-Milwaukee

Resolution 10096: WHEREAS, the Board of Regents of the University of Wisconsin System very much appreciated learning about all the ways UW-Milwaukee is “Building a Better Wisconsin;” and

WHEREAS, the Regents are grateful for the informative overview provided by Chancellor Michael R. Lovell, Dean David Garman, Dean Magda Peck, and also the university’s partners as represented by Johnson Controls Power Solutions Vice President MaryAnn Wright and Milwaukee Water Council Executive Director Dean Amhaus; and

WHEREAS, the Regents enjoyed learning the status of the UW-Milwaukee Master Plan Initiatives and the “Construction Underway and Beyond,” and especially seeing the dedication of the building for use by the Joseph J. Zilber School of Public Health, witnessing the groundbreaking for the School of Freshwater Sciences, and tasting the school’s delicious yellow perch; and

WHEREAS, the Regents acknowledge the progress in economic development that is possible through the efforts of the UWM Foundation and the UWM Research Foundation, and their research partnerships at the UWM Innovation Campus; and

WHEREAS, the Regents share UW-Milwaukee’s belief in the value of “Building a Healthier Wisconsin” and applaud UW-Milwaukee’s leadership toward this goal; and

WHEREAS, the Regents always value and are thankful for the hospitality extended by UWM faculty, staff, and students throughout their annual visit;

BE IT THEREFORE RESOLVED that the UW Board of Regents hereby extends its appreciation to the University of Wisconsin-Milwaukee for

supporting the mission of the UW System and graciously hosting this productive June 2012 meeting.

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The meeting recessed at 12:45 p.m. and reconvened at 1:00 p.m.

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CLOSED SESSION – FIRESIDE LOUNGE

Vice President Smith called upon Regent Pruitt to present Resolution 10097 to recess into closed session. The motion was seconded by Regent Whitburn and adopted on a roll-call vote, with Regents Bartell, Behling, Bradley, Drew, Evers, Falbo, Higgins, Hribar, Millner, Pointer, Pruitt, Roberts, Smith, Tyler, Vásquez, Walsh, and Whitburn voting in the affirmative. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10097: That the Board of Regents move into closed session to consider personal histories related to the naming of facilities at UW-Madison and UW-Whitewater, as permitted by s.19.85(1)(f), Wis. Stats.; to confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.; and to consider annual personnel evaluations, as permitted by Wis. Stats. §19.85(1)(c).

The following resolutions were approved during closed session:

Authority to Name the Indoor Softball Practice Facility the “Irwin A. and Robert D. Goodman Softball Training Center,” UW-Madison

Resolution 10098: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, authority be granted to name of the Division of Intercollegiate Athletics’ indoor softball practice facility the “Irwin A. and Robert D. Goodman Softball Training Center.”

Authority to Change the Name of the Student Athletic Complex to the “Bob Berezowitz Student Athletic Complex,” UW-Whitewater

Resolution 10099: That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, authority to change the name of the Student Athletic Complex to the “Bob Berezowitz Student Athletic Complex.”

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The meeting was adjourned at 2:50 p.m.

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Submitted by:

/s/ Jane S. Radue
Jane S. Radue, Secretary of the Board
Office of the Board of Regents
University of Wisconsin System