

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in 1820 Van Hise Hall
1220 Linden Drive
Madison, WI 53706

Friday, July 12, 2013
9:30 a.m.

APPROVAL OF THE MINUTES OF THE JUNE 2013 MEETINGS 3

REMARKS BY JEFFREY IMMELT, CHAIRMAN AND CEO OF GE, “LEADING THE PRODUCTIVITY REVOLUTION” 3

 GE AND NATIONAL TRENDS4

 SIMPLIFICATION AND FOCUS ON SPEED AND CYCLE TIME5

 NEED FOR NEW MODELS6

 LEADERSHIP6

 DISCUSSION7

REPORT OF THE PRESIDENT OF THE BOARD 12

 HOSPITAL AUTHORITY BOARD12

 SEPTEMBER BOARD MEETING12

 UW-PARKSIDE VISIT TO ITALY12

REPORT OF THE PRESIDENT OF THE SYSTEM 13

 UPDATE ON RECENT EVENTS13

 OTHER NEWS FROM AROUND THE UW SYSTEM13

UW Flexible Option13

UW-Stevens Point Hosts the First International Aquaponics Conference14

UW-Madison’s Richard Davis Named Jazz Master.....14

UW-Eau Claire’s Women’s and LGBTQ Resource Center Receives Organization of the Year Award14

Wisconsin Small Business Development Center Network Reports \$87 Million in Capital Infusion15

UW-Milwaukee’s Golda Meir American Geographical Society Library One of the Best15

UW-Oshkosh, Foundation and BIOFerm Energy Systems Break Ground on Biodigester15

NerdScholar Names UW-Platteville’s Women in Engineering, Mathematics, and Science Mentor Center One of the Top Mentoring Programs for Women16

UW-La Crosse Men’s Track and Field Team Claim NCAA Division III Outdoor Championship.....16

UW-Whitewater Sophomore Claims 2nd Place in Governor’s Business Plan Contest16

UW-Stout Game Design and Development Students Declared National Co-Champion at Entertainment Software Association’s E-3 Conference16

RESOLUTION OF APPRECIATION FOR REGENT EMERITUS BRENT SMITH’S SERVICE ON THE BOARD OF REGENTS 17

Resolution of Appreciation to Brent Smith 18

RESOLUTION OF APPRECIATION FOR REGENT KATHERINE POINTER’S SERVICE ON THE BOARD OF REGENTS 20

Resolution of Appreciation to Katherine Pointer.....21

REPORT AND APPROVAL OF ACTIONS TAKEN BY THE BUSINESS, FINANCE & AUDIT COMMITTEE 24

<i>UW-Madison Division of Intercollegiate Athletics Contractual Agreement for Pouring Rights with Dr. Pepper Seven Up, Inc.</i>	25
<i>UW-Madison Division of Intercollegiate Athletics Contractual Agreements for Pouring Rights with Badger Max, Inc.</i>	25
<i>UW-Madison Contractual Agreement for Vending Services with Compass Group USA d/b/a Canteen Vending</i>	25
<i>UW-Madison Contractual Agreement with Parexel International, LLC</i>	26
<i>UW System Contractual Agreement with Desire2Learn Ltd. For Learning Management Software</i>	26
<i>UW System Office of Internal Audit and Chief Audit Executive</i>	26
<i>Endorsement of Methodology for Determining Pricing and Term Lengths for the University of Wisconsin Flexible Option</i>	26
<i>Methodology to Calculate UW System Program Revenue Appropriation Balances and Reserves</i>	26
<i>Regent Pay Plan Distribution Policy</i>	27
<i>UW System Trust Funds Exception to Board Policy on Large Unendowed Bequests/Gifts for the James V. Lathers Bequest</i>	27
REVIEW AND APPROVAL OF PROPOSED BYLAWS CHANGES TO CREATE A BOARD OF REGENTS AUDIT COMMITTEE	27
<i>Approval of Revisions to Chapters II and III of the Bylaws of the Board of Regents to Create an Audit Committee</i>	28
REPORT AND APPROVAL OF ACTIONS TAKEN BY THE CAPITAL PLANNING & BUDGET COMMITTEE	28
<i>Authority to Increase the Scope and Budget of the Elizabeth Waters Residence Hall Renovation Project, UW-Madison</i>	28
<i>Authority to Construct All Agency Maintenance and Repair Projects, UW System</i>	29
REPORT AND APPROVAL OF ACTIONS TAKEN BY THE EDUCATION COMMITTEE	29
<i>Program Authorization (Implementation) Bachelor of Science in Environmental Engineering Technology, UW-Oshkosh and UW-Green Bay</i>	30
<i>Program Authorization (Implementation) Bachelor of Science in Mechanical Engineering Technology, UW-Oshkosh and UW-Green Bay</i>	30
<i>Program Authorization (Implementation) Bachelor of Science in Electrical Engineering Technology, UW-Oshkosh and UW-Green Bay</i>	30
<i>Program Authorization (Implementation) Doctor of Business Administration, UW-Whitewater</i>	31
REPORT AND APPROVAL OF ACTIONS TAKEN BY THE RESEARCH, ECONOMIC DEVELOPMENT AND INNOVATION COMMITTEE	31
<i>UW System Board of Regents Economic Development Incentive Grant Funds</i>	32
CLOSED SESSION	32
<i>Closed Session Resolution</i>	32
<i>Approval of Individual Chancellor and UW System Senior Executive Pay Plan Adjustments for 2013-14 and Authorization of Chancellors to Approve 1% Pay Plan Increases for Those Individuals with Salaries that Exceed 75% of the UW System President's Salary</i>	33

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- President Falbo presiding -

PRESENT: Regents Mark Bradley, John Drew, Tony Evers, Michael Falbo, Margaret Farrow, Tim Higgins, Tracy Hribar, Edmund Manydeeds, Regina Millner, Janice Mueller, Drew Petersen, Katherine Pointer, Charles Pruitt, Gary Roberts, José Vásquez, David Walsh and Gerald Whitburn

UNABLE TO ATTEND: Regent John Behling

APPROVAL OF THE MINUTES OF THE JUNE 2013 MEETINGS

President Falbo noted that the minutes of the June 6 and 7, 2013 meetings had been distributed. Regent Whitburn moved their adoption and, after a second by Regent Bradley, the motion carried.

REMARKS BY JEFFREY IMMELT, CHAIRMAN AND CEO OF GE, "LEADING THE PRODUCTIVITY REVOLUTION"

President Falbo stated that he was privileged to introduce the morning's guest speaker, Jeffrey R. Immelt. President Falbo noted that the Regents just returned from breakfast with the Governor and with Mr. Immelt, Chairman and Chief Executive Officer (CEO) of General Electric (GE). After thanking Regent Whitburn for facilitating Mr. Immelt's visit, President Falbo said that kind of event is very important for the UW System as it draws attention to the connection between education, jobs, and industry, and the CEO of General Electric is in a great position to help the UW System through that path. Mr. Immelt is Chairman and CEO of GE, a post he has held since September of 2001. He has held several global leadership positions since coming to GE back in 1982, including roles in GE's Plastics, Appliances, and Healthcare businesses.

Mr. Immelt has been named as one of the “World’s Best CEOs” three times by *Barron’s*, and since he began serving as Chief Executive Officer, GE has been named “America’s Most Admired Company” in a poll conducted by Fortune Magazine, and one of “The World’s Most Respected Companies” in polls by *Barron’s* and the *Financial Times*. Mr. Immelt was the Chair of President Obama’s Council on Jobs and Competitiveness, and is a member of the American Academy of Arts & Sciences.

President Falbo invited President Reilly to share a thought about Mr. Immelt’s style. President Reilly quoted from a *New York Times* profile from several years before, in which Chairman Immelt said: “When you run General Electric, there are 7 to 12 times a year when you have to say ‘You’re doing it my way.’ If you do it 18 times, the good people will leave. If you do it three times, the company falls apart. You want a team of leaders who are self-confident. But in the end, it is not a democracy. There has to be clarity about decisions.”

President Reilly commented that this quote reminded him of the UW System, with its strong, self-confident chancellors who are transferring more authority and decision-making, too. However, in a system, decisions -- some popular and some not so popular -- need to be made for the benefit of the citizens of Wisconsin.

Mr. Immelt began his remarks, noting that GE employs more than 2,000 University of Wisconsin graduates and expressing appreciation for the great work of the university. He said that his presentation would include a little bit about the world, a little bit about GE, and some of the big things that are going on in the world.

GE and National Trends

Mr. Immelt said that GE is one of the world’s biggest industrial companies at more than \$100 billion, as well as a big financial services enterprise and one of the biggest lenders to small- and medium-sized businesses in the country. He noted that GE invests approximately 6 percent of its revenue in research and development, is one of the biggest exporters in the country, and continues to develop a lot from a human resources standpoint.

He said that in terms of big national trends, there are several things that the Regents and universities might think about going forward. Mr. Immelt said that we are living in an energy renaissance, not just in the United States, but globally. The availability of natural gas in this country is one of the most unbelievable secular things of our lifetime, and a lot of research is going to be done around how to change the energy mix and how to drive what he referred to as a “gas-renewable economy.” He said that advanced manufacturing is underway and driving productivity, and manufacturing will continue to be reinvented, supported by future research, development, and investment. He also said that while social media has taken hold and been a big driver of economic growth, the “industrial internet” has not yet been realized in the industrial space, so there is a great deal of investment related to analytics, and cloud computing around industrial assets. He noted that the big leadership challenge of the 21st century is simplification, and how to take a big complicated organization like GE, or a university system, and run it with speed, clarity, and productivity.

Referring to the abundance of natural gas in the United States, Mr. Immelt said that this resource will drive big transformation, power generation, and transportation in the U.S., and billions of dollars will be directed into research on how to drive energy change and power generation in an environmentally-friendly way. He suggested that the prospect of North America being a self-sufficient region means there will be a vast array of research that will occur at engineering schools on how to develop environmentally-friendly resource development, and redeploy it in the economy.

He noted that manufacturing continues to evolve and is going to be digitized, democratized, and change dramatically. The area of material science and developing new lightweight materials is just underway and is going to be very fresh technology. Because of technology, it is now possible to manufacture portions of aircraft engines that used to consist of 32 parts welded together, and now produce a single piece in a single flow; Mr. Immelt noted that this work will need to be done in an advanced manufacturing setting where the workforce is trained. He also said that within the next 24 months it might be possible to “crowdsource” a refrigerator, by putting a design online and allowing entrepreneurs to have access to make generations of GE products. He said that within this manufacturing space, and the technology and innovation around manufacturing, he has not seen universities around the country taking a lead in this area.

Mr. Immelt commented that every piece of rotating equipment now has sensors, resulting in smart machines, smart scanners, smart jet engines, and smart pumps, and these sensors are taking terabytes of data from each and every piece of rotating equipment. He explained that this data can now be modeled to drive performance and change performance, and the combination of this data and the new science around prognostics and analytics is driving what he referred to as the “industrial internet.” He explained that in the industrial world, very small changes drive very big changes in performance and a one percent change in fuel usage in a jet engine could generate a \$3 billion profit for GE customers. He said that the whole area of the industrialization of the internet has a lot of potential for growth, particularly in the areas of energy expansion, the transmission of energy, advanced manufacturing, and the industrial internet, all of which are going to drive new research in the coming years. He also noted that the UW System already knows a lot about health care and is well positioned to take advantage of opportunities in this area.

Simplification and Focus on Speed and Cycle Time

Mr. Immelt commented that the UW System is probably one of the biggest, most complex universities in the world; and he said that he runs one of the biggest, most complex companies in the world, with 300,000 employees in 160 countries, including 50,000 researchers and 40,000 sales people. In spite of the size of GE, he said he wants to run it more like a start-up company, but without giving up on all the advantages of scale. He then went on to explain the “simplification” initiative at GE, which involves restructuring the company to run it with fewer layers, simpler accountability, and a quicker decision-making process. The effort also includes a focus on speed, with speed as a determinant of how things are done. Everybody in the company has read the book called “The Lean Startup” which really takes the principles of cycle time and puts it in a Silicon Valley setting. He also noted that at GE, there is a strong focus on the market. At the UW System, everybody focuses on the student, no matter what their job is, while at GE

everybody is subservient to the market regardless of their job. He said that this is the kind of culture and structural change that is driving GE.

According to Mr. Immelt, there are a lot of great things going on in the United States -- manufacturing is more competitive than before, the nation has energy capability, and the U.S. is a leading exporter -- all of which are important, but there are other areas that also need attention. He said that one of the things he learned when leading the President's Job Competitiveness Council is that most competitive societies or states work on four things: infrastructure, education and graduating more engineers and skilled manufacturing people, regulation cycle time, and small business. These are the areas that the U.S. needs to improve upon.

Mr. Immelt said he believes there is going to be a real interplay between the private sector and health care costs. He said that GE has a lot of "skin in the game" because of its involvement in the health care industry, and also because as an employer the company has health care costs of approximately \$3 billion a year.

Need for New Models

According to Mr. Immelt, one of the most stunning advantages that the United States has is in higher education and in schools like the UW System. He said that other countries may have caught up to the United States in K-12 education, but nobody has caught up to the U.S. in higher education and graduating students with advanced degrees. He said this is a singular American competitive advantage and it should not be left to flounder. He said that everybody who knows higher education knows that it has to change. The problems in higher education are significant -- how to keep costs under control but still deliver a great product, how to educate in a distributive way, and how to take advantage of all the online capability while still building culture. He queried whether teaching is being done in the same way as it was done 20 or 30 years ago.

He said he runs GE from the perspective that the best answers are not found inside the company; GE likes extended enterprise and partnering with various groups in a fairly liberal way. He said there likely would be an increasing need for businesses and universities working together, and added that GE's partnering with universities in Wisconsin has been among the best work the company has done anywhere in the country.

Leadership

Mr. Immelt then turned to the issue of leadership, "what makes GE tick," and how schools like the University of Wisconsin can do a better job of developing students who will be successful in the future. The only way to run a big institution is to have disciplined processes, and GE has that. GE has a very "company first" culture. He noted that a company in 160 countries, with 300,000 employees, has to have culture and trust. He characterized GE's corporate culture as "loose-tight" in that things are centralized in one culture, but for those running the business in China there is vast freedom, and the combination of freedom within a framework is important.

He also emphasized the importance of mutual accountability, with GE being accountable to its investors, employees, and the broader society. GE has a very accountable culture where

people have metrics and goals, and that is how people think about running the company. He also noted that GE tries to have an external focus, which is the hardest thing for big institutions to do because almost, by definition, they become too internally focused. At GE, the leadership is constantly trying to agitate the culture, find ways to inject new ideas inside the company, and very much lead a learning company.

Mr. Immelt said that the trick of good governance today is to have a broad legal framework, even though there are probably only two or three things that are really important. He said that the challenge for any board is to have the breadth that makes a board legally strong, while still picking the two or three things that are really going to sink the enterprise or make it great. The trick to being a good board member is to know the difference between “checking the box” versus creating enough time to work on the two or three most important things.

In terms of developing leaders, Mr. Immelt mentioned that GE hires many of its employees from big engineering schools; among its top recruiting schools are the University of Wisconsin, Michigan, Purdue, Georgia Tech, and Notre Dame. He said that the one common attribute of every single person he has met at GE is that they are a learner; they have intimate curiosity, and they ask more questions than they answer, constantly digging for knowledge and value.

Referring to successful leaders at GE, he said that they have to enjoy “outcome” and want to see how the story or experiment ends. They also are not afraid to fail, and they have a sense of really wanting to see the finality of how things work. Mr. Immelt said that he increasingly believes in what he referred to as “system think,” noting that one of the biggest challenges is getting people to be good “system thinkers” early on in their career and letting that be the framework with which they grow and learn. He said he runs GE thinking about investible things – asking what will be the next big sector thing and how can GE invest in it -- and he suggested that the university has to think about itself as investible to an outsider, and what will students need to be successful as they go forward.

Companies want people that are confident, resilient, and fearless. At age 22, 23, or 24, people think they will have a perfect career but it is incredibly important for people to be able to take a punch and keep going. He also said that today’s young people have a better sense of collaboration than his generation; this collaboration is driven by technology and a sense of openness, and it is very important. Mr. Immelt concluded his remarks by emphasizing the importance of training at GE, noting that the company reinvests a billion dollars annually in training. He said that 50 percent of the people that join GE leave by their fifth year. If they stay after your fifth year, they tend to stay forever – people like it or they don’t. He then offered to answer questions.

Discussion

In response to a question from Regent Whitburn regarding the need for engineers and lifelong learning, Mr. Immelt noted that the United States graduates approximately 135,000 engineers each year, but could productively employ approximately 500,000 engineers each year,

which would lead to more start-up companies, more innovation in society, and more competitiveness.

With regard to lifelong learning, Mr. Immelt said that GE invests in lifelong learning on a distributed basis, as well as centrally. He explained that GE has a leadership institute outside of New York City, which provides a way for GE to emphasize one culture, provide training on new techniques and new processes, and provide an opportunity for people to get to know each other in a setting that is very conducive to learning. He said the leadership institute is filled seven days a week, 52 weeks a year, with employees as well as customers. He said that GE continues to invest in change initiatives and processes because it is critical.

Regent Millner noted that Mr. Immelt indicated that he has sometimes found the best answers from outside the company, and asked him how he accesses outside sources. Mr. Immelt explained that one of the primary mechanisms is through outreach and collaboration with universities. In addition, he said that GE has a constant flow of venture capitalist start-up companies, whereby GE takes small equity stakes in start-up companies, nurtures them, and distributes their products. He said that the combination of these two mechanisms has been very valuable to the company. He also said that GE is constantly benchmarking itself against other companies that it admires.

Regent Petersen thanked Mr. Immelt for his willingness to spend time talking to the Regents, given his busy schedule. He noted that the university is doing great things to prepare students for careers at GE. Likewise, he said, on the advance manufacturing side, the Wisconsin Technical College System is making great strides. Regent Petersen said that one of the challenges the UW System and the Regents are facing is changing the market, or making the market, something GE does every day. He said that there needs to be a significant dialog about tuition, because of the impacts on faculty recruitment and ultimately, the performance of the university. He asked Mr. Immelt if he had any instruction for the Board as to how to have the dialog, and look candidly at tuition and value.

Mr. Immelt acknowledged the challenges facing the UW System, and suggested that the Board think about redefining what a college process might look like for students and instead of thinking about four-year schools, consider a six-year school by really building a co-op system that would provide students with hands-on experiences, but also allow them to make money to help defray costs. Mr. Immelt also suggested that the Regents need to think about eliminating excess and try to focus on what is important, make tough choices, and prioritize as best they can. He said that while he thinks the UW System is awesome, his experience with other institutions of higher education is that prioritization is difficult so it does not happen, and tough decisions are not made but instead are kicked down the road. He suggested that institutions of higher education need to be more self-critical. Mr. Immelt also suggested that businesses need to do more because at GE, internships are the life blood of the company.

Regent Vásquez commented that he recently read an article that compared the economies of the United States and China, and concluded that the American economy is great because that is where ideas originate, whereas the Chinese economy is known for mimicking ideas and mass producing products. Regent Vásquez said that this argument resonated with him in two ways:

(1) the quality of higher education matters; and (2) what separates higher education in the United States from education in other countries is the quality of education in the areas of engineering and the liberal arts. He asked Mr. Immelt how GE views these different educational paths, and if there is room for both engineering and liberal arts degrees at GE.

Mr. Immelt said that while he runs a global company, he is an American and proud of this country. In order for GE to be successful, the company has to win in every corner of the world. He said that from a competitive standpoint, U.S. companies can compete with anybody in the world, both in China and elsewhere. He said it is really about how to create enough growth in the U.S. to put people to work and make the system work. The U.S. is not growing fast enough, which is why the entrepreneurial spirit needs to be unlocked to increase the number of start-up companies. He said that companies like GE could do a little bit more along those lines, but because the country needs a lot more start-up companies, it means a role for universities, and also means more risk capital and less regulation.

He said that everybody in the world is moving fast, and if the U.S. is not also moving fast, it will fall behind. The days of the U.S. being isolated and inward focused are over. Regardless of whether one considers China, India, Turkey, or Europe, economies that stand still are going to be unsuccessful. He said when he talks about innovation, it is not in terms of the U.S. being behind, but in terms of what it takes to have a really great economy again. He said that if the government cannot spend the money, it means that the private sector has to be even stronger than it was in the 1990s and 1980s, to decrease unemployment and increase revenue. He said the U.S. needs more innovation.

Regent Higgins remarked that Mr. Immelt had mentioned that the states that are most competitive work on four things, two of which were particularly interesting to him: education and small business. He asked Mr. Immelt why he singled out small businesses, and if he had any examples where small businesses and education are working well together.

Mr. Immelt explained that if one looks at job creation since the Great Depression, it is the high-growth companies that have created the net new jobs. It is not the small businesses per se. He said that multi-national companies are steady, or grow a little bit in the U.S., but also grow outside the U.S. It is really the crew of high-growth companies that are creating the jobs and need to be nurtured.

In response to Regent Higgins' second question, Mr. Immelt said that when he was working on the Jobs Council, they were constantly talking about clusters and how the best thing to do is to build a cluster around a university. He said that Madison became a good health care cluster because a lot of good start-up companies were created by people who attended UW-Madison and received a good education. He suggested that advanced manufacturing might be another potential cluster area, as no one is currently focused on it. Every university wants to focus on green technology, but only a few universities are going to be good at. The key is to find the next potential area, rather than focusing on what other universities are doing.

Regent Walsh thanked Mr. Immelt for GE's relationship with the UW-Madison Medical School in imaging, saying it is one of the best examples in the country, and one of the

university's best partnerships. He said that there is an argument in Wisconsin that says that the UW System should be an economic driver and people should invest in the university system. He asked Mr. Immelt what he would say to the decision makers and the legislature, who have their own economic challenges, and have not bought the argument to invest more in the university system. Regent Walsh also asked what the UW System needs to change to deliver on that argument.

Mr. Immelt said that if this country were to pick only one thing to "double down on" to make U.S. more competitive in years to come, it would be education. He said, however that if someone is getting re-elected every two years, they do not have that luxury. He said that education is the big precursor to competitiveness and innovation.

Mr. Immelt said he has no specific knowledge of the University of Wisconsin System. However, he said that the best step the Regents can take is to ensure that the UW is the best run university system in the country, so they can then go to the legislature and Governor Walker and say, "my own house is in order, now give me more money."

Regent Farrow remarked that she had heard that the focus in the private sector is on meeting shareholder expectations every quarter. She noted that Mr. Immelt had not mentioned the need for that particular focus, which she viewed as a positive. She asked how he had sold people on looking long-term.

Mr. Immelt explained that his is a long-cycle business: the new jet engines that are launched this year will not break even for 15 years, and will fly for 50 years. He said it is important to attract investors who know the business the company is involved in, and GE investors are happy that the company is accountable, delivers, and is financially astute. If someone owns GE stock, they know that the company is doing things that will not pay back for 5, 10 or 15 years. He said that the company needs to be accountable in the short term, but is involved in things that will take decades to see whether or not they work.

Regent Bradley explained that there is a debate in Wisconsin and other parts of the country regarding public higher education, and whether people should be trained in communication skills, critical-thinking skills, and analytical skills, or whether they should be trained for a specific job. He asked Mr. Immelt to weigh in on this issue.

Mr. Immelt said he prefers careers that are deep first, and broad second, as people always have more confidence if they have a domain that they are good in. Although he always encourages depth as a great foundation, breadth makes better leaders. He said that he joined a company 30 years ago that was broad first and deep second, which was good for that time; but this is a different time. He said that Google is arguably the most successful company of the last decade. He noted that Google has done more things better than almost any company he could remember, and the company is run by deep domain leaders. He noted that leadership models change over time, and today's era requires depth and breadth, a mixture of liberal arts and technology. He said that ultimately, people need to have drive, and curiosity, and to want to learn.

Regent Mueller said that Mr. Immelt talked about the need for simplification, but as complex as the University of Wisconsin System is, it is part of an even more complex Wisconsin state government system. She asked if he would share his observations on how to simplify government, and ensure the speed and clarity that he talked about.

Mr. Immelt said that the argument the Job Council collectively made to the President was that no one should have the excuse to let a permit sit around for three years or ten years, when the “touch time” is three months. People have every right to expect accountability and speed, putting philosophy aside, and overlapping bureaucracy should not exist.

Regent Drew asked Mr. Immelt to briefly comment on the growing problem of income inequality and what it means for the economy and the nation’s future. Mr. Immelt said that everyone has seen it happen here, but also globally. He said that there is only one road out, and that is more growth. The problem exists and it is not a good situation for society, but the more the U.S.’s gross domestic product grows, the better the chances are to address the issue.

President Falbo asked if the chancellors had any questions. Chancellor Gow noted that Mr. Immelt had mentioned long-term business, which led him to think about broadcasting and GE’s rich relationship with NBC and how it had changed. He said that people often draw analogies between media and education, and asked what lessons he learned from that business. Mr. Immelt said that over the last couple of years, GE exited NBC, but it was a good business. He said he thought that NBC made GE more savvy about the internet, about communication, and about how to reach broad communities. Media is actually a good business, and in some ways it is at the leading edge of technology in a lot of important ways, he said.

Senior Vice President Miller said that some business writers have referred to the unemployment situation in America for the last few years as the “new normal.” He asked if Mr. Immelt had any thoughts on the unemployment level in the next three to five years, and what college graduates have to look forward to in the employment picture. Mr. Immelt said that reported unemployment is at a little more than 7 percent; underemployment is at about twice that level, and in certain sectors, such as for those living in inner cities or those without a high school degree, it can be as high as 28 percent. He said that he does not think anybody should ever talk about that as being the new normal, or an acceptable situation. Job creation and competitiveness have to be the answer. He said that part of the answer has to be getting people better high school degrees and better education; and the other piece is that the country needs more growth, more innovation, more research and development, and more engineers.

In response to a request from Regent Whitburn that Mr. Immelt share the experience of his senior executive in Shanghai, Mr. Immelt explained that GE has a lot of employees in their 30s or early 40s who are really global citizens. He said one of their best employees is a businesswoman who graduated from the UW-Madison business school. She grew up in a family in Shanghai and attended the university there. In the late 1980s or early 1990s, UW-Madison was one of the only schools that would accept foreign nationals, so she earned her MBA from UW-Madison, living through the Madison winters. This businesswoman has lived around the world, including the U.S. and China, and she now runs GE’s health care business in China. He said that she could just as easily come back to the U.S. or go to Europe to run a big business over

the long term. He also noted that he could name at least 20 or 30 other people with similar backgrounds. He said that that is the way young careers are being built today, with a global perspective but within one corporate culture.

President Falbo thanked Mr. Immelt and said that he had reminded him of something that is sometimes forgotten, and that is to acknowledge the good work of the people within the UW System -- the chancellors, the provosts, the faculty, the staff, and the System staff. Mr. Immelt commented that GE has many graduates from the UW System who are hardworking, dedicated and loyal. He expressed his thanks to the System. President Falbo again thanked Mr. Immelt, and he thanked Regent Whitburn for arranging Mr. Immelt's visit.

REPORT OF THE PRESIDENT OF THE BOARD

Hospital Authority Board

The report for the Hospital Authority Board had been provided. There were no questions or comments.

September Board Meeting

President Falbo previewed the September Board meeting, confirming that the meeting, originally scheduled for one day, would be extended to two, on September 5 and 6. On Thursday there would be an external-relations focus on governance and a revenue model for the university, with a conference-type session to include legislators, perhaps some business people, and at least one national speaker. The second day would be devoted largely to the Board's internal planning process, first described at the June meeting. Committee chairs will report on their committee's directions and plans for the next several years. President Falbo commented on the extensive planning that was occurring and thanked Board of Regents Office Executive Director Radue and Special Assistant Lathrop for their efforts.

UW-Parkside Visit to Italy

President Falbo noted that he had recently had the pleasure of accompanying the Chancellor of UW-Parkside, Debbie Ford, and her husband, John Ford, to Italy to visit the University of Calabria, which happens to be near Cosenza, which is where all four of President Falbo's grandparents are from. He asked Chancellor Ford to comment on the trip.

Chancellor Ford expressed appreciation for Mr. Immelt's comments about the importance of global partnerships and preparing graduates to work in a global society; study-abroad experiences are a high-impact educational practice that are valued at UW campuses. She said that UW-Parkside has had a ten-year partnership with the University of Calabria. The President there, who is ending his tenure, is a graduate of the University of Wisconsin Madison. The group was also hosted by Senator Ron Turano, who represents the Italian citizens of North

America and Central America and serves as one of five representatives on the Italian Senate from outside of Italy.

Chancellor Ford said that the best parts of the trip to Italy were the conversations, the culture, and the opportunity to join UW-Parkside students. UW-Parkside was able to send a group of 14 students and a faculty member; the group of students, enrolled in a course called Doing Business in Italy, included Regent Hribar. They did a lot of preparation, learned a lot in Italy, and were now doing reflective work. Chancellor Ford said that the returning students felt that they now had an extended family that included their 13 student-colleagues and the faculty member, and also people in other parts of the world. They have connected through Facebook and other social media. Chancellor Ford said that this reminded her of the power of education, culture, great conversation, and great cuisine; and she expressed appreciation that such opportunities were possible for students, faculty and staff.

President Falbo displayed a photograph of Regent Hribar, taken in Italy, and asked her to comment on the experience. She described details of the trip, saying that it was an amazing experience. Like Chancellor Ford, she commented on the connections that were made. As an adult student, she also observed the benefits for younger students, and the growth opportunity that the trip presented for them.

REPORT OF THE PRESIDENT OF THE SYSTEM

President Falbo called upon President Reilly to present his report.

Update on Recent Events

President Reilly began his update with the latest on the Stafford loans situation. Interest rates on newly-dispersed subsidized Stafford loans doubled the prior week, from 3.4 percent to 6.8 percent, despite ongoing discussions in Congress. It was hoped that the House and Senate would reach an agreement to reduce the rates before the August recess. Alternatively, Congress can, if it chooses, retroactively reduce interest rates.

Other News from Around the UW System

UW Flexible Option

Two UW System institutions got approval from their accrediting agency to offer self-paced, competency-based degrees as part of the new UW Flexible Option initiative. The Higher Learning Commission officially sanctioned three new baccalaureate programs and one certificate at UW-Milwaukee, as well as an Associate of Arts degree from UW Colleges. This is an important step in the progress toward offering new Flexible Option degrees, and it is a strong vote of confidence from these higher education colleagues. This approval follows intensive efforts by UW faculty and staff to launch this innovative learning platform in a manner that preserves high-quality and academic rigor. The UW is committed to enrolling the first students

before the end of the year, demonstrating a commitment to serving working adults. President Reilly congratulated Chancellor Cross and Chancellor Lovell and expressed gratitude to all of the people who had worked so hard to move the UW Flex Option from concept to reality.

UW-Stevens Point Hosts the First International Aquaponics Conference

President Reilly reported that UW-Stevens Point hosted the first International Aquaponics Conference, which was a great success, with about 150 people from ten countries attending. Chris Hartleb, co-director of the UW-Stevens Point Northern Aquaculture Demonstration Facility, describes aquaponics as the integration of aquaculture, or fish farming, and hydroponics, which is soilless plant culture. The fish waste naturally fertilizes the plants, and the plants clean the water so the fish thrive. The International Aquaponics Society, a UW-Stevens Point Foundation organization dedicated to aquaponics research and education, was also launched and held its first organizational meeting at the conference. President Reilly congratulated Chancellor Patterson and UW-Stevens Point.

UW-Madison's Richard Davis Named Jazz Master

President Reilly said that UW-Madison shared the news that renowned bassist and professor of jazz Richard Davis had been honored as a Jazz Master by the National Endowment for the Arts for 2014. This is considered the highest honor for a living jazz musician, and places him in elite company with Count Basie, Ella Fitzgerald, Dizzy Gillespie, and the Marsalis family. Born in Chicago, Mr. Davis, now 83, has taught at UW-Madison since 1977. A prolific sideman, he has performed and recorded in nearly every genre, and with the likes of Sarah Vaughan, Paul Simon, Louie Armstrong, Stan Getz, and Leonard Bernstein. Recognizing his lifetime achievements and exceptional contributions to the advancement of jazz, Dr. Davis will receive a one-time award of \$25,000. President Reilly noted that Dr. Davis is also the founder of the Madison chapter of the Institute for the Healing of Racism.

UW-Eau Claire's Women's and LGBTQ Resource Center Receives Organization of the Year Award

President Reilly reported that UW-Eau Claire's Women's and LGBTQ Resource Center received the Organization of the Year Award from the Fair Wisconsin Education Fund. Fair Wisconsin is an organization whose mission is to educate the public about the harms of discrimination toward LGBT individuals and to build more inclusive communities and workplaces for members of the LGBT community in the state. Christopher Jorgenson, the Center's coordinator, said receiving the Organization of the Year Award is important because it shows people that UW-Eau Claire is growing and becoming a safe place for the LGBTQ community and its allies. He added that the award is also validation that the work being done on the Eau Claire campus is supporting the vision of the UW System's Office of Equity, Diversity and Inclusion, which is to "transform the UW System into a higher education community that represents, reflects, respects, and values diverse persons, voices, and perspectives of Wisconsin."

Wisconsin Small Business Development Center Network Reports \$87 Million in Capital Infusion

The Wisconsin Small Business Development Center Network recently reported that it provided consulting to 2,257 clients in fiscal year 2012, resulting in over \$87 million in capital infusion. As noted in its annual report, some of the year's highlights include a nanotechnology development company in Madison beginning its commercialization phase, a medical education device manufacturer in Racine that recently went international with sales, and an American-made clothing producer and seller in Oshkosh that expanded into a larger facility. The Wisconsin Small Business Development Center Network is managed by the Division of Entrepreneurship and Economic Development at UW-Extension.

UW-Milwaukee's Golda Meir American Geographical Society Library One of the Best

President Reilly noted that the American Geographical Society Library at UW-M's Golda Meir Library is considered one of the best geography resources in the country, and the collection was featured in a recent issue of *On Milwaukee*. It contains more than a million items, ranging from maps and atlases to pamphlets, journals, globes, and photographs of all kinds. According to Curator Marcy Bidney, the library has about 500,000 maps, beginning with a 1452 map by Italian cartographer Leardo. The most celebrated map at the museum these days, President Reilly said, is a 17th-century pictorial history of a Mexican village, one of the few known documents containing text in the indigenous Zapotec language. The map had been considered lost for decades but was rediscovered only recently when the museum's previous curator was cleaning out his office. Other treasures in the collection are hundreds of rare books, including a collection of late 18th and 19th-century travel writing by American Geographical Society members who kept journals of their many journeys.

UW-Oshkosh, Foundation and BIOFerm Energy Systems Break Ground on Biodigester

UW-Oshkosh, the UW-Oshkosh Foundation, and partner BIOFerm Energy Systems have just broken ground on their new 1.4-megawatt biodigester, President Reilly said. The energy facility and learning laboratory will be located at Rosendale Dairy in Pickett, Wisconsin, the state's largest dairy farm, with approximately 8,000 cows. This large-scale facility, dependent on the livestock waste the farm generates, will produce seven times more energy than the existing UW-Oshkosh dry-fermentation facility, opened in 2011. It will produce enough electricity to power 1,200 homes. The partnership expands the University's sustainability initiatives and, when completed, will cut in half the university's timeline for carbon neutrality. Through a collaboration with dairy owner Milk Source, Soil Net, Alliant Energy, Infinity Lawn and Garden, BIOFerm, and Viessmann, the university will expand student learning and community outreach through environmental and bio-solids research and renewable energy production. President Reilly called this an energy solution and a tremendous instrument for learning to propel Wisconsin agriculture and UW-Oshkosh's future bio-solids and energy scientists.

NerdScholar Names UW-Platteville's Women in Engineering, Mathematics, and Science Mentor Center One of the Top Mentoring Programs for Women

UW-Platteville's Women in Engineering, Mathematics, and Science Mentor Center was recognized as one of the top mentoring programs for women in the country, according to a report released by NerdScholar. The report highlighted six nationwide programs that cultivate mentorship for women entering the STEM fields. UW-Platteville's Women in EMS Mentor Center was created in 2003 to provide female EMS students with a consistent location for formal or informal meetings, a library of professional literature and resources, a place for daily study and tutoring, and a relaxed environment for socializing and networking.

UW-La Crosse Men's Track and Field Team Claim NCAA Division III Outdoor Championship

President Reilly reported that UW-La Crosse's men's track and field team claimed the NCAA Division III outdoor championship this spring for the 12th time, more than any other school in the division's history. Earlier in the year, the men's team won the NCAA Division III indoor title as well, for the 16th time! The Eagles have now won 28 national track and field titles in school history. President Reilly congratulated Head Coach Josh Buchholtz and UW-La Crosse.

UW-Whitewater Sophomore Claims 2nd Place in Governor's Business Plan Contest

At UW-Whitewater a student entrepreneur claimed 2nd place in the Governor's Business Plan Contest. Mitchell Fiene, a sophomore from Prairie du Sac, developed a quadcopter, a four-rotor helicopter with a wingspan of two feet. It is equipped with a video camera that can be controlled with a few touches on an iPad. President Reilly said that the device offers a solution to the arduous farm practice of crop scouting. People can spend hours in the fields detecting insect infestations or analyzing nutrient-deficient plants, but this is costly and inefficient. The quadcopter is designed to fly over farmland, sending back live pictures of crops, which can then be analyzed by agronomists. With 15 million acres of farmland in Wisconsin alone, there are a lot of potential customers, from crop consultants to family farms to corporations.

UW-Stout Game Design and Development Students Declared National Co-Champion at Entertainment Software Association's E-3 Conference

President Reilly reported that a team of UW-Stout game design and development students have created a video game called Flash Frozen; it was recently declared national co-champion at the Entertainment Software Association's E-3 Conference in Los Angeles, considered the premier world event in the video and computer game industry. More than 48,000 people from 102 countries attended the conference. Flash Frozen is a survival horror game, where players are trapped on an iceberg in a haunted, shipwrecked vessel. Twelve students – eight artists and four programmers – were involved in creating the game as part of their senior 3D Game Design class.

President Reilly closed his report by reciting the poem, "Spiderweb," by contemporary American poet Kay Ryan.

RESOLUTION OF APPRECIATION FOR REGENT EMERITUS BRENT SMITH'S SERVICE ON THE BOARD OF REGENTS

President Falbo asked Regent Pruitt to present a resolution of appreciation to Regent Emeritus Brent Smith for his service on the Board of Regents.

Regent Pruitt said that as he was thinking about how to review Regent Smith's nine years on the Board, especially the past year as President, he thought of the story of Reverend Johnson and the flood: Reverend Johnson is a minister in a small Wisconsin town, and the rains begin, and the waters rise, and the river begins to flood the streets of the town. Reverend Johnson goes out to the porch of his church and a boat travels by and says, "Reverend Johnson, come aboard; we'll take you to safety." Reverend Johnson says, "I have served the Lord for 40 years; he will save me." Time goes on, and a few more hours pass, and the river continues to rise. Reverend Johnson is now on the second floor of his church. Another boat comes by: "Reverend Johnson, come aboard; we will take you to safety." He said, "I have served the Lord for 40 years; he will save me. A few more hours pass; the river rises to the top of the roof of the church. Reverend Johnson is on the roof of the church now, and a helicopter comes by and throws a rope down and says, "Reverend Johnson, grab the rope; we will pull you up to safety." Reverend Johnson says, "Nope, I have served the Lord for 40 years." A few more hours pass and, of course, Reverend Johnson slips away in the flood and goes to the Gates of St. Peter, and he says, "St. Peter, I do not understand. I served the Lord for 40 years: I was sure he would save me." St. Peter responds, "We sent you two boats and a helicopter. What else did you want?"

Regent Pruitt, saying that Regent Smith had served the University well over the last nine years, and especially over the last year, said that he suspected there were times that Regent Smith felt a bit like Preacher Johnson, and with no boat or helicopter in sight. However, unlike Reverend Johnson, Regent Smith never relied on providence to save him or to help the University. Instead, he relied on the essential traits that have made him a special lawyer, community member, father and husband.

Arthur Ashe was one of this generation's greatest tennis players in the 1960s and 70s, and he also went on to become a philanthropist and educator. When he was asked for advice, Arthur Ashe kept it simple: He said, "Start where you are, use what you have, do what you can." In reflecting on Regent Smith's service on the Board, Regent Pruitt said that he believes Regent Smith followed Arthur Ashe's advice. With respect to "start where you are," Brent is a proud citizen of La Crosse, with its extraordinary UW campus, helped by decisions to allow differential tuition. Brent was honored with the Chancellor's Award from Chancellor Gow and in May was given an honorary degree by UW-La Crosse.

With respect to the advice to "use what you have," Brent is a lawyer. Regent Pruitt joked that Regent Smith had overcome this "disability" and what had guided him far more in his time on the Board than his "checkered professional past" was being a great father to two wonderful daughters, who were giving him a firsthand look at what it means to be in college and looking at college, and a great husband. He wisely "married up," finding in Ellen someone who would

keep him grounded and would tolerate the endless University conference calls that disrupted his evenings, weekends, family dinners and patience.

Referring to Arthur Ashe's advice to "do what you can," Regent Pruitt said that this may be measured by what one believes in and how those beliefs are translated into action. Regent Smith believes in higher education and has acted on that belief, making the University both accessible and having the highest quality, even if that means voting from time-to-time to increase tuition. He believes in transparency, that what happens and what is discussed in open session should be discussed only in open session and what should not be discussed in closed session is not discussed in closed session. He believes in the Technical College System and the University System working together, not in silos, to educate Wisconsin's young people. He believes in the *Growth Agenda for Wisconsin*, even when that seems hard to do and hard to accomplish. He believes that the University System, founded 42 years ago, includes all of the four-year campuses and all two-year campuses working together to further the Wisconsin Idea. These beliefs and others, Regent Pruitt said, guided Regent Smith's time and tenure on the Board; and his actions based on those beliefs led the University to a far better place.

Regent Pruitt closed his remarks by reflecting on a personal level on what he would miss about having Regent Smith on the Board, such as their never-ending shared search for the best hotel room in Madison at the state rate. Saying that there are many more things he would miss, Regent Pruitt said that far more importantly, the university would miss Regent Smith's intelligence, dedication, steady hand and unassuming but forceful leadership. He closed by saying, "Well done, my friend," and then read the resolution of appreciation, which was adopted by acclamation and was met with a standing ovation.

Resolution of Appreciation to Brent Smith

Resolution 10223: WHEREAS, Brent P. Smith has dedicated nine years of exemplary service as a Regent of the University of Wisconsin System, including serving as its President from June 2012 until June 2013, Vice President from June 2011 to June 2012, and the Wisconsin Technical College System representative from 2004 to 2006; and

WHEREAS, Brent's loyal association with the University long pre-dates his Regent career, as he earned both his bachelor's and law degrees from UW-Madison; and

WHEREAS, Brent has been generous with his time and energies in giving back to higher education and his community, a commitment recently recognized by UW-La Crosse, which awarded him an honorary degree in recognition of his exceptional efforts in support of the University's mission; and

WHEREAS, to support increased numbers of what he calls "post-traditional" students, Brent has made a concerted effort to ensure a higher degree of cooperation among Wisconsin's higher education institutions,

including greater ease of credit transfer between the UW Colleges, private colleges, and technical schools; and

WHEREAS, Brent has worked to publicly honor the commitment of extraordinary UW educators by serving on the Academic Staff Excellence Awards Committee, recognizing that the strength of the System and its institutions can be attributed, in part, to the excellence and vital contributions of its academic staff; and

WHEREAS, through his service as vice chair and chair of the Business, Finance, and Audit Committee, Brent helped ensure continued wise use of university resources, and his active involvement on the Board included his service on numerous other Regent committees, as well as his role as the Regent representative to the Hospital Authority Board; and

WHEREAS, Brent recognized the talent, potential, and excellence of future campus leadership as a member of the Special Regent Chancellor Search Committees for UW-La Crosse, UW-Madison, UW-River Falls (twice), UW-Superior, and UW-Whitewater; and

WHEREAS, Brent's conscientious approach and collegial manner have made him a valued colleague of the many Regents with whom he has served;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System highly commends and honors Regent Emeritus Brent P. Smith for his distinguished tenure, his commitment to the Wisconsin Idea, and his service to the UW System, its students and staff, and the citizens of Wisconsin.

Regent Emeritus Smith responded by thanking Regent Pruitt for his kind words. He said that it was friendship with people like Regent Pruitt and many others in the room that made this nine-year journey a great one for him. Regent Smith welcomed the three new Regents who were coming aboard at the July meeting. He knew each of them, he said, and expressed certainty that they would all contribute effectively in their new positions. He also congratulated and wished good luck to President Falbo and Vice President Millner, saying that he thought that he and Regent Falbo worked well together through challenging times over the past year.

Looking ahead, Regent Smith said that he would miss acting on the critical issues facing higher education that the Board discusses on a regular basis, such as more college graduates for Wisconsin, economic development issues, and tuition setting. However, he said that what he would miss the most is working with people that he had been privileged to work with over the past nine years. The university has an "all-star team of champions," who provide tremendous leadership to their campuses, to their communities, and to the state.

Regent Smith said that he would miss the working relationships and, in many cases, the friendships with people who work both directly for the Board of Regents and for the University of Wisconsin. Directing his remarks to Executive Director Radue, Regent Smith said that he recalled fondly the hundreds of conversations he had with her, some of which were when Ms. Radue was traveling to or from a Green Bay Packers game. Referring to Assistant Secretary Ann Nottestad, Regent Smith said he would miss the emails and conversations with Ms. Nottestad, who worked on scheduling and worked to make the Board's meetings more enjoyable and more productive.

Regent Smith said that there were also many other individuals who worked under the leadership of President Reilly and who would continue to serve the state with distinction. Regent Smith said that the Board voted to hire President Reilly one day after Regent Smith joined the Board. He commented that President Reilly had outlasted him, saying that he had learned much about leadership and dedication and, at times, courage, as President Reilly led the university.

Finally, Regent Smith said that he would miss his fellow Regents, with whom he had shared many conversations. He said that some of those shared experiences had been in the last couple of years, referring to Regents Millner, Higgins, and Roberts; he said that others go back to when he started on the Board in 2004, referring to Regents Pruitt, Walsh, and Bradley. After nine years on the Board of Regents and nine years on the Wisconsin Technical College Board, Regent Smith said he left knowing that higher education is in good hands. He said that Wisconsin is lucky to have a state with exceptional higher education and that he would never forget the people around the Board table who had made a difference. He wished them good luck and said he would miss them very much.

Before moving to the next farewell, President Falbo said that it had been a pleasure and an honor working with Regent Smith.

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RESOLUTION OF APPRECIATION FOR REGENT KATHERINE POINTER'S SERVICE ON THE BOARD OF REGENTS

President Falbo then moved to the podium to present the resolution of appreciation to Regent Katie Pointer. He said he had learned over the last couple of years how effective Regent Pointer is with all groups -- students, leaders, campus leaders, campus groups, the Board of Regents, chancellors. When he thinks about why Regents do this work, one of the reasons is that they want to see younger people be successful. Some of the reasons for that are self-serving, he said, because as people get older, they will need more help and care from younger people. He said that he was never so confident that he would be in good hands than when he got to interact with young people like Regent Pointer.

Saying that he had contemplated doing a roast, he said instead that he had recruited a new friend to help out, and President Falbo asked Regent Pointer's father to come to the podium. Mr. Pointer said that Regent Pointer had had a great experience as a student at the University of Wisconsin over the past three years. He shared that she almost attended Ol' Miss, having

convinced her parents that this is where she wanted to go. Her father, wanting to test her commitment, said that she would have to cover the difference in cost from UW-Madison, and she would not have a car to use there. Ms. Pointer ended up attending the University of Wisconsin and had been very happy, Mr. Pointer said.

Mr. Pointer said that a couple of years earlier, when his daughter told him she had an offer to be on the Board of Regents; he wondered why a young person would want to come to meetings with “folks like us,” who are a little more experienced and talk about budgets, politics and structure. He said he had since figured out why. First of all, he said she loves being involved and loves to contribute. She gets along with all different groups, but even more, she developed friendships with people on the Board. She’s been completely happy in the role. Referring to spirited debates at home, Mr. Pointer said that Regent Pointer was at her best in such discussions. He said that he had heard so many compliments from people who told him what a pleasure it had been to work with Ms. Pointer as a Regent. He thanked Board members for their contributions and collaboration, from which his daughter had benefited.

Regent Falbo read the resolution of appreciation for Regent Pointer, which was adopted by acclamation and met with a standing ovation.

Resolution of Appreciation to Katherine Pointer

Resolution 10224: WHEREAS, Katherine (Katie) Pointer dedicated two years of exemplary service as a Student Regent of the University of Wisconsin System, from 2011 to 2013; and

WHEREAS, Katie helped further the UW System’s tradition of providing sound stewardship and financial preparedness through her service as a member of the Business, Finance, and Audit Committee; and

WHEREAS, in her role serving on the Capital Planning and Budget Committee, Katie displayed her commitment to ensuring safe, functional, and up-to-date facilities, in which students and educators can carry out their best learning, teaching, and research; and

WHEREAS, Katie praised the virtues of recruiting and rewarding those educators who go the extra mile to ensure student success and expand equitable opportunities for students from all backgrounds through her participation on the selection committee for the Teaching Excellence Awards; and

WHEREAS, Katie was articulate and forthcoming about how the Board of Regents operates, generously granting interviews with newspapers and Wisconsin Public Television on topics such as the UW-Madison Chancellor Search process and the proposed Confluence Project, a collaboration between the UW-Eau Claire campus and the community to create a revitalizing downtown arts center; and

WHEREAS, Katie brought to her role as Regent an abiding desire to learn more about the UW System and its institutions, expanding on her first-hand knowledge of the System as a freshman at UW-La Crosse – where she was an active member of student government – and then as a transfer student at UW-Madison, where she is currently studying Political Science and Economics with a planned graduation next year; and

WHEREAS, Katie was responsive to the UW System student body through her strong and consistent advocacy for continued affordable tuition, increased financial aid, high academic quality, and respect for diverse viewpoints and the student role in shared governance;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System wholeheartedly commends Regent Katherine C. Pointer for her contributions and service to the students, faculty, and staff of the UW System and to the citizens of Wisconsin, and wishes her every success in the future.

Regent Pointer expressed her thanks to Regent Falbo and her father. She recalled two years earlier when she entered the meeting room for the first time as a student-Regent, saying she was a little nervous, a little anxious, and quite unsure of what the role would hold for her. Her experience on campus at that point had been limited to a year at UW-La Crosse, serving on the Student Senate. Nonetheless, after a rigorous process, she said she received a congratulatory phone call from Governor Walker and then understood that she would commit the next two years of her college experience to governance. She said it had been an incredible experience.

Regent Pointer thanked Governor Walker and his staff for providing her with the opportunity. She said that throughout her tenure on the Board, Governor Walker had provided immeasurable support and guidance. She expressed appreciation to Governor Walker and his staff, and also his family, for their continued support and their friendship.

Regent Pointer recalled trying to explain to her family and friends what the Board of Regents does. She said that her initial understanding of the Board was what she would consider an average student's understanding, if the student knows the Board exists ("which most don't"). She saw it as a somewhat distant Board full of important, distinguished people making important decisions about education in the state of Wisconsin. That was all true. She said she questioned exactly how she would fit into that important, distinguished Board, at 19 years old and in her first year at UW-Madison. She said that, luckily, the Board members welcomed her to the Board with open arms. She expressed appreciation for the wonderful colleagues and treasured friends they had become.

Regent Pointer said that her understanding and view of the Board had changed, as she had come to understand the Board's critical role in governing the UW System. She said she began to see the Board as a group of people who cared deeply about students and public higher education. Only by serving on the Board can one fully comprehend and grasp the commitment, both in time and energy, that serving on the Board entails. Newer Regents discuss planned

campus visits; but when actually visiting the campuses, there is a realization of the enormity of the position, as Regents learn firsthand about the concerns and the exciting new research being done. Regents directly affect the lives of students and the incredible UW faculty and staff. Regent Pointer said that after her first campus visit, at UW-Green Bay, she understood what being a Regent meant, and that she was going to strive for the next two years to do right by the students, the faculty, staff, administrators and taxpayers of this state and to ensure the System was delivering the highest quality of education possible.

Regent Pointer expressed appreciation for the veteran Regents who provided counsel and direction on how best to govern the System. At one of her first meetings, a veteran Regent provided her with what he noted was essential advice: “Katie, you don’t need to read all the paper they give you.” Regent Pointer said this proved to be sound advice, as she discovered that juggling school, a part-time job and being a Regent, plus having any kind of social life, was going to be quite difficult.

Looking back on her time as a Regent, Regent Pointer said many fond memories came to mind. Some of the fondest included campus visits, such as her trip to UW-Platteville, where she received the grand tour, including a trip to Pioneer Farm, where she found herself feeding young calves and learning about the research in dairy farming occurring there. At UW-Stevens Point she met with a large group of faculty and staff, who relayed their sincerest concerns regarding the lack of competitive compensation and pay plans; she said she had reflected back on this often.

Regent Pointer said her two years on the Board also coincided with the Badgers’ back-to-back trips to the Rose Bowl, and she was honored to represent the System and her school in Pasadena. Her two years also coincided with David Ward’s term as UW-Madison’s Interim Chancellor. As a student at UW-Madison and as a Regent, she said she was immensely thankful for his efforts in leading UW-Madison. She said that Interim Chancellor Ward had been a guiding force, not only for Madison, but also for her. She said she was also convinced that the decision to hire Rebecca Blank as the next UW-Madison Chancellor was the right one, and she said this was the decision she was most proud of as a Regent.

Regent Pointer said that she had come to understand the difficulties and complexities of being a student-Regent. A student-Regent sits on the Board to convey students’ interests, and yet those interests are exceptionally varied. These differing ideas ultimately led to a diverse set of expectations placed on her actions as a Regent, she said. However, she expressed appreciation for the opportunity to understand both the perspectives of the students and administrators. She said she would strongly argue that students’ voices on the Board are critically vital for shared governance and also bring an important perspective for the proper functions of the System.

Regent Pointer said that she had also learned that Regents ultimately make decisions for the overall benefit of the System. They participate in meetings and more meetings in order to make the best decisions they can, not as part of an agenda, but because of an eagerness and desire to be good stewards of the university.

Closing her remarks, Regent Pointer thanked the chancellors and expressed admiration for their sound leadership. She thanked President Reilly and his staff for the tremendous amount of work, dedication and effort they put into the System. She thanked Executive Director Radue and the Board of Regents staff for their support. She thanked her family and her parents, who she said had been her rock throughout the past 21 years. Finally, she said she was truly blessed for the opportunity to serve on the Board, for what she had learned, and for the intangible benefits she had received; she said the biggest “takeaway” from her experience was the relationships and friendships she had forged.

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

President Falbo called upon Regent Whitburn to report on the actions taken by the Business, Finance and Audit Committee. Regent Whitburn reported that the committee approved several contracts: related to pouring rights and the sale and marketing of beverages at UW-Madison athletic facilities; vending services at UW-Madison; a fee-for-service contract between the UW-Madison School of Medicine and Public Health and Parexel International relating to an important clinical trial involving Alzheimer’s; and a new contract between the UW System and Desire2Learn, a software platform which delivers web-based course material across all UW institutions.

In connection with an assignment to review the university’s internal audit function, the committee heard from Michael Somich, Executive Director of Internal Audit at Duke University, and two of his colleagues, partners and principals at Baker Tilly. They provided the committee with an overview of their scope of work and people interviewed, and they presented several recommendations from their recent external evaluation of the University System Office of Internal Audit. The committee approved a four-part resolution related to those recommendations.

Regent Whitburn reported that the Assistant Director of the Office of Operations Review and Audit, Steven Mentel, provided an update of recently-completed and ongoing audit projects. He also noted the Price Waterhouse Coopers assessment on HRS was well underway, with a report forthcoming in September.

UW-Extension Chancellor Ray Crosse presented the committee with information on proposed pricing and term lengths for the UW Flexible Option. The recommendation was initially presented for the Board’s information in June. Since that time, the program received approval from the Higher Learning Commission. The Business, Finance and Audit Committee formally endorsed the methodology for determining the UW Flexible Option proposed pricing structure and term lengths for the fall of 2013.

The committee also approved the proposed methodology for calculating program revenue appropriation balances and reserves, for submission to the legislature’s Joint Audit Committee

by September 1st. Regent Whitburn noted that this was a requirement of the recently-signed biennial budget.

Associate Vice President Al Crist presented a proposed a Regent policy document intended to provide chancellors with guidance on the distribution of Board of Regents approved pay plan adjustments. The committee approved that policy.

The committee also approved an exception to Board policy related to the amount of an endowment to the UW-Madison School of Music.

Finally, Regent Whitburn reported that UW-Madison Vice Chancellor for Administration Darrell Bazzell and Associate Vice President for Financial Administration Julie Gordon reported on recent efforts with respect to the HRS benefits reconciliation.

On behalf of the committee, Regent Whitburn moved approval of Resolutions 10225, 10226, 10227, 10228, 10229, 10230, 10231, 10232, 10233, and 10234. The motion was seconded by Regent Walsh and adopted on a voice vote.

UW-Madison Division of Intercollegiate Athletics Contractual Agreement for Pouring Rights with Dr. Pepper Seven Up, Inc.

Resolution 10225: 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 Dr. Pepper Seven Up, Inc.

UW-Madison Division of Intercollegiate Athletics Contractual Agreements for Pouring Rights with Badger Max, Inc.

Resolution 10226: 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 agreements between the University of Wisconsin-Madison and Badger Max Inc.

UW-Madison Contractual Agreement for Vending Services with Compass Group USA d/b/a Canteen Vending

Resolution 10227: 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 Compass Group USA d/b/a Canteen Vending.

UW-Madison Contractual Agreement with Parexel International, LLC

Resolution 10228: 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 Parexel International, LLC.

UW System Contractual Agreement with Desire2Learn Ltd. For Learning Management Software

Resolution 10229: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the contract with Desire2Learn Ltd., for the products, licenses, and services related to its Learning Management System.

UW System Office of Internal Audit and Chief Audit Executive

Resolution 10230: That, the Business, Finance, and Audit Committee recommends:

- 1) the Board of Regents modify its bylaws to facilitate the creation of a freestanding Board of Regents Audit Committee;
- 2) the name of the UW System Office of Operations Review and Audit be changed to the Office of Internal Audit;
- 3) the title of the lead auditor for the UW System be changed to Chief Audit Executive; and
- 4) the Chief Audit Executive report to the Audit Committee, with the Board deciding in September 2013 whether the Chief Audit Executive's reporting relationship to the System President would be dotted-line or direct.

Endorsement of Methodology for Determining Pricing and Term Lengths for the University of Wisconsin Flexible Option

Resolution 10231: That, upon recommendation of the Chancellor of the University of Wisconsin-Extension and the President of the University of Wisconsin System, the Board of Regents endorses the methodology for determining the UW Flexible Option's proposed pricing structure and term lengths.

Methodology to Calculate UW System Program Revenue Appropriation Balances and Reserves

Resolution 10232: That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached methodology to calculate UW System Program Revenue Appropriation Balances and Reserves and directs the President to submit the methodology to the Joint Audit Committee by September 1, 2013, for its subsequent review and approval.

Regent Pay Plan Distribution Policy

Resolution 10233: WHEREAS it is the Board's policy to promote the attraction, development, and retention of a diverse and highly qualified workforce that will effectively and efficiently pursue the missions of the UW System and each UW institution; and

WHEREAS pursuant to Wis. Stat. § 36.09(1), the Board of Regents is vested with the primary responsibility for the governance of the University of Wisconsin System,

NOW, THEREFORE, BE IT RESOLVED that, upon the recommendation of the President of the University of Wisconsin System the Board of Regents approves the attached Regent Pay Plan Distribution Policy for pay plan distribution guidelines for all UW System institutions for the duration of the 2013-15 biennium or until such time as the UW System has authority to implement the two new personnel systems that have been developed.

UW System Trust Funds Exception to Board Policy on Large Unendowed Bequests/Gifts for the James V. Lathers Bequest

Resolution 10234: That, upon recommendation of the Director of the School of Music, the Chancellor of UW-Madison, and the President of the University of Wisconsin System, an exception to RPD 31-15 be granted to allow the balance of the bequest from the James V. Lathers bequest over and above \$200,000 to be made available for current spending.

President Falbo followed up by alerting Board members that a meeting of the Executive Committee would be called soon to take action on another important UW-Madison contract which was nearing the final stages of negotiation and which would need to be approved prior to the September meeting.

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REVIEW AND APPROVAL OF PROPOSED BYLAWS CHANGES TO CREATE A BOARD OF REGENTS AUDIT COMMITTEE

Regent Whitburn explained that Board members had received a resolution to amend Chapters II and III of the Board's bylaws to create a new standing committee called the Audit Committee, to define its duties, and to change the duties of the Business, Finance, and Audit Committee accordingly. Regent Whitburn moved adoption of Resolution 10235; the motion was seconded by Regent Bradley and adopted on a voice vote.

Approval of Revisions to Chapters II and III of the Bylaws of the Board of Regents to Create an Audit Committee

Resolution 10235: That, upon the recommendation of the President of the Board of Regents of the University of Wisconsin System, the Board of Regents approves the attached revisions to Chapters II and III of the Bylaws of the Board of Regents, which change the Business, Finance, and Audit Committee to the Business and Finance Committee; create a new standing committee of the Board, to be called the Audit Committee; and define the duties of both committees.

President Falbo noted that because of the Regents' action to create a standing Audit Committee, he would appoint members to the new committee shortly.

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

President Falbo called upon Regent Manydeeds to report on the actions of the Capital Planning and Budget Committee. Regent Manydeeds noted that a resolution regarding the renovation of two UW-Platteville residence halls was withdrawn by the campus for further consideration and would be brought forward for approval at a future date. Two other resolutions related to UW-Madison were approved: one resolution requested authority to increase the scope and budget of the Elizabeth Waters Residence Hall renovation project to provide for installation of fire suppression systems for the entire building, with the work funded with savings from two other recent housing projects, and the second resolution requested authority to construct all agency maintenance and repair projects.

On behalf of the committee, Regent Manydeeds moved approval of Resolutions 10236 and 10237; the motion was seconded by Regent Vásquez and adopted on a voice vote.

Authority to Increase the Scope and Budget of the Elizabeth Waters Residence Hall Renovation Project, UW-Madison

Resolution 10236: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, authority be granted to increase the budget of the Elizabeth Waters Residence Hall Renovation project by \$3,041,700 Program Revenue-Cash for a revised estimated total project cost of \$10,141,700 Program Revenue-Cash.

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

Resolution 10237: 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 \$3,835,000 (\$705,900 General Fund Supported Borrowing; \$2,868,000 Program Revenue Supported Borrowing; \$261,100 Program Revenue-Cash).

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REPORT AND APPROVAL OF ACTIONS TAKEN BY THE EDUCATION COMMITTEE

President Falbo called upon Regent Bradley to report on the actions of the Education Committee. Regent Bradley reported that the committee had its initial discussion, following the suggestion of President Falbo, regarding the Board of Regents' planning process and goals. Regent Bradley said that he was pleased with the discussion and the involvement of the provosts. He said that a new draft of the committee's goals would be available soon.

Regent Bradley reported that the committee had a report on the UW System associate degree standards, led by UW Colleges and Extension Provost Greg Lampe. This engendered a productive discussion and would result in recommendations related to Regent Policy Document 4-4 at a later meeting.

Senior Vice President Mark Nook reported on the Growth Agenda Grant which, Regent Bradley reported, is yielding great results. Resources are being pooled over the next four years for a project that has the potential to advance the goals of maintaining high-quality instruction and affordability.

On behalf of the Education Committee, Regent Bradley moved adoption of Resolutions 10238, 10239, 10240, and 10241. The motion was seconded by Regent Whitburn, and discussion followed.

Regent Farrow asked about how the proposed new engineering degrees would be marketed and whether the recipients would be eligible for professional engineering certification. Chancellor Wells responded on behalf of UW-Oshkosh and UW-Green Bay, saying that about 12 years earlier the Northeast Wisconsin Educational Resource Alliance (consisting of all the presidents of the technical colleges, the chancellors of UW-Green Bay and UW-Oshkosh, and the five deans of the UW Colleges and UW-Extension) began working together collaboratively on a number of items. One of the big areas of interest in the region was a desire for engineering technology baccalaureate degrees; the region has the second largest economy in the state of Wisconsin, dominated by manufacturing.

Regarding the marketing and the financing, the key is collaboration. The facilities to be used will be those of the technical college, so new engineering facilities need not be built. The program was designed in full collaboration with the Northeast Wisconsin Manufacturing

Alliance, which helped to build the curriculum. It is a nationally distinctive delivery model, fulfilling an important skills gap in the region.

Provost Wallace, on behalf of UW-Green Bay, added that conversations with ABET had been occurring for at least two years. ABET believes the model is unique and will provide exciting opportunities both in the mechanical and electrical engineering areas. Environmental Technology will be a new frontier for ABET, but they have been providing guidance in this area also.

Regent Farrow asked how long it will take to achieve accreditation of the program and whether students were aware that the program is not yet accredited. An affirmative response was given to the latter point about student awareness; at least one student has to graduate before full accreditation can occur.

Following the discussion, the motion to approve the following resolutions was adopted:

Program Authorization (Implementation) Bachelor of Science in Environmental Engineering Technology, UW-Oshkosh and UW-Green Bay

Resolution 10238: That, upon the recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the Chancellor of the University of Wisconsin-Green Bay, as well as the President of the University of Wisconsin System, the Chancellors be authorized to implement the Bachelor of Science in Environmental Engineering Technology.

Program Authorization (Implementation) Bachelor of Science in Mechanical Engineering Technology, UW-Oshkosh and UW-Green Bay

Resolution 10239: That, upon the recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the Chancellor of the University of Wisconsin-Green Bay, as well as the President of the University of Wisconsin System, the Chancellors be authorized to implement the Bachelor of Science in Mechanical Engineering Technology.

Program Authorization (Implementation) Bachelor of Science in Electrical Engineering Technology, UW-Oshkosh and UW-Green Bay

Resolution 10240: That, upon the recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the Chancellor of the University of Wisconsin-Green Bay, as well as the President of the University of Wisconsin System, the Chancellors be authorized to implement the Bachelor of Science in Electrical Engineering Technology.

Program Authorization (Implementation) Doctor of Business Administration, UW-Whitewater

Resolution 10241: 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 Doctor of Business Administration.

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REPORT AND APPROVAL OF ACTIONS TAKEN BY THE RESEARCH, ECONOMIC DEVELOPMENT AND INNOVATION COMMITTEE

President Falbo turned to Regent Higgins to report on the meeting of the Research, Economic Development and Innovation Committee. Regent Higgins reported that two new REDI members were welcomed at the meeting: Regents Farrow and Petersen. Also welcomed were Representative Steve Nass of Whitewater, Chair of the Assembly Committee on Colleges and Universities, and Representative Dave Murphy of Greenville, Vice Chair of that committee. Melissa Weigand, a representative of Senator Sheila Harsdorf, Chair of the Senate Committee on Universities and Technical Colleges, and Michael Brickman, the Governor's Education Policy Advisor, were guests.

Regent Higgins reported that Regent Mark Tyler moderated a panel on graduate research, the second presentation in a series on high-impact practices. Panel members were Dr. Mitchell Malachowksi, University of San Diego Professor of Chemistry and Council of Undergraduate Research (CUR) Mentor and Past President; Chancellor Dean Van Galen, UW-River Falls; and Dr. Karen Havholm, Director of the UW-Eau Claire Center of Excellence for Faculty and Undergraduate Student Research Collaboration. The panelists focused on such topics as the role of opportunities for undergraduate research in economic development, the impact of undergraduate research on preparing students for the workforce, and challenges to undergraduate research.

The committee also heard a status report on the UW System's Economic Development roadmap, with its 20 action items.

Regent Higgins reported that WEDC Chief Operating Officer Ryan Murray and Vice President Lisa Johnson gave a report on economic development for entrepreneurship in the nation. Mr. Murray noted the need to diversify Wisconsin industries beyond manufacturing. Vice President Johnson discussed the importance of the UW System's being a partner in product development. The REDI Committee discussed the resolution that would affirm the Board's support of WiSyS and support the assignment of up to \$500,000 in each year of the 2013-15 biennium of UW System economic development incentive funds as match funding for WEDC grants, to foster commercialization and business start-up activity across the state.

On behalf of the committee, Regent Higgins moved adoption of Resolution 10242. The motion was seconded by Regent Drew, and discussion followed.

In response to a question from Regent Mueller, President Reilly and Vice President Durcan clarified that the funding for economic development incentive grants was initially proposed as new funding by the Governor; the final budget called for the funds to be reallocated from the UW System's program revenue balances.

Regent Farrow asked about the possibility of using funds obtained from WARF. Ms. Durcan responded that she understood that WARF's charter required WARF funds to be used for the benefit of UW-Madison. There was discussion about asking WARF the question directly.

Following the discussion, the motion to approve the following resolution was adopted. In addition, Regent Higgins noted that an additional meeting of the REDI Committee may be needed to act on the grant recommendations.

UW System Board of Regents Economic Development Incentive Grant Funds

Resolution 10242: That, upon the recommendation of the President of the University of Wisconsin System, and subject to approval by the state Department of Administration and the legislative Joint Committee on Finance, the Board of Regents supports the assignment of up to \$500,000 in each year of the 2013-15 biennium of UW System economic development incentive funds as match funding for WEDC grants, to foster commercialization and business start-up activity across the state and to take advantage of the fund commitment from WEDC. This will allow the funds to be directed to businesses and start-ups with oversight from WiSys.

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The meeting recessed at 11:50 a.m. and reconvened at 12:15 p.m.

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CLOSED SESSION

President Falbo called upon Regent Millner to present Resolution 10243 to move into closed session. The motion was seconded by Regent Vásquez and adopted on a roll-call vote, with Regents Bradley, Drew, Evers, Falbo, Farrow, Higgins, Hribar, Manydeeds, Millner, Mueller, Petersen, Pointer, Pruitt, Roberts, Vásquez, Walsh and Whitburn. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10243: That the Board of Regents move into closed session to confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.; and consider personnel evaluations and compensation, as permitted by s. 19.85(1)(c), Wis. Stats.

The following resolution was adopted during closed session:

Approval of Individual Chancellor and UW System Senior Executive Pay Plan Adjustments for 2013-14 and Authorization of Chancellors to Approve 1% Pay Plan Increases for Those Individuals with Salaries that Exceed 75% of the UW System President's Salary

Resolution 10244: That, upon recommendation of the President of the University of Wisconsin System and the President of the Board of Regents, the Board of Regents approves a 1% pay plan increase for Chancellors and UW System Senior Executives as per the attached listing of those eligible for a pay plan increase, effective July 1, 2013 and the Board of Regents provides Chancellors with the authority to approve up to a 1% pay plan increase, effective July 1, 2013, for those individuals with salaries that exceed 75% of the UW System President's salary.

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The meeting was adjourned at 2:05 p.m.

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Submitted by:

/s/ Jane S. Radue

Jane S. Radue, Executive Director and Corporate Secretary
Office of the Board of Regents