

**UW System Board of Regents
Business & Finance Committee
Gordon Dining and Event Center, Madison, WI
October 8, 2015**

MEETING OF THE BUSINESS AND FINANCE COMMITTEE:

The Business and Finance Committee was called to order at 10:45 a.m. by Regent Mueller. Roll call was taken and Regents Mueller, Pruitt, Bradley, Delgado, Grebe, Hall, Harsy and Vasquez were in attendance.

I.2.a. Consent Agenda: Upon the motion of Regent Vasquez, and the second of Regent Hall, the committee approved the following consent agenda items. Regent Mueller requested to remove item I.2.a.9. for further discussion.

1. Approval of the Minutes of the September 10, 2015 meeting of the Business and Finance Committee.

The committee approved the Minutes of the September 10, 2015 Meeting of the Business and Finance Committee.

2. UW-Madison Contractual Agreement – Alliance Foundation Trials, LLC

The committee approved a clinical trial agreement with Alliance Foundation Trials, LLC. The agreement involves an evaluation of the safety and efficacy of specified treatments addressing early stage breast cancer. Work under the agreement had begun earlier, but did not require regent approval until recently as subsequent amendments pushed it over the \$500,000 threshold requiring approval. The most recent amendment brings the total amount expected to be generated for the institution to \$530,460. Efforts under this three-year agreement will be performed under the direction of Dr. Mark Burkard in the UW-Madison Department of Medicine, Hematology-Oncology.

3. UW-Madison Contractual Agreement – Biogen MA, Inc.

The committee approved a master clinical trial agreement with Biogen MA, Inc. The language of this five-year agreement establishes the general terms to be applied to all Biogen sponsored trials at the institution. Individual clinical research protocols under the agreement will be developed by Biogen. Initial work under the agreement will be conducted in the Department of Neurology under the direction of Natasha Frost, MD. While total revenues to the institution are not fixed, the University is expected to receive over \$500,000 over the life of the agreement.

4. UW-Madison Contractual Agreement – Novartis Pharmaceuticals Corporation

The committee approved a clinical trial agreement with Novartis Pharmaceuticals Corporation. The agreement involves an evaluation of the safety and efficacy of specified treatments in patients with idiopathic pulmonary fibrosis. Work under the agreement is expected to be performed from October 2015 through June 30, 2018. The institution is expected to receive up to \$1,341,782 for conducting this clinical trial. The

work will be conducted in the School of Pharmacy under the direction of Orly Vardeny, Pharm.D.

5. UW-Madison Contractual Agreement – GlaxoSmithKilne, LLC

The committee approved a clinical trial agreement and related amendment with GlaxoSmithKline, LLC. The agreement involves the clinical testing of material owned by GlaxoSmithKline. Work under the agreement is expected to run through July 31, 2019. The institution is expected to receive \$999,763 for efforts under the agreement. The study will be conducted in the Department of Biostatistics and Medical Informatics under the direction of Dr. Kevin Buhr.

6. UW-Madison Contractual Agreement – EMD Serono R&D Institute, Inc.

The committee approved a master clinical trial agreement with EMD Serono Research & Development Institute, Inc. The language of this agreement establishes the general terms to be applied to all EMD Serono sponsored trials at the institution. Individual “Study Addendums” (essentially statements of work) will be executed specifying the materials and protocols to be used in each trial. While total revenues to the institution are not fixed, the University is expected to receive over \$500,000 over the life of the agreement. Initial work under the agreement will be conducted in the department of Medicine, Hematology-Oncology under the direction of Dr. Ticiana Leal.

7. UW-Madison Contractual Agreement – ThromboGenics, Inc.

The committee approved a master services agreement with ThromboGenics, Inc. Under the agreement, the University will provide services related to training and certification of image recording. This five-year agreement establishes the general terms to be applied to all related services provided to ThromboGenics at the institution which will be detailed in individual statements of work that will be executed under the master agreement. While total revenues to the institution are not fixed, the University is expected to receive over \$500,000 over the life of the agreement. Covered services will be provided by the Fundus Photograph Reading Center (FPRC) under the direction of Dr. Barbara Blodi.

8. UW-Madison Contractual Agreement – Wal-mart Stores, Inc.

The committee approved a research agreement and related amendments with Wal-mart Stores, Inc. Work began under the original agreement in May 2013; subsequent amendments have taken the value of the agreement over the \$500,000 threshold requiring Board approval. The most recent amendment will extend the work for an additional year with an added value of \$250,000, taking the total received under the agreement to \$750,000. The research focuses on crowdsourcing pattern development and will be conducted in the Department of Computer Sciences under the direction of Dr. AnHai Doan.

9. UW-Madison Contractual Agreement – Under Armour, Inc.

This item was removed from the consent agenda to be discussed in further detail. Vice Chancellor Darrell Bazzell was called upon to answer some questions initially raised by Regent Mueller. Mr. Bazzell also brought with him Jeff Smith, who was the department

representative and primary contact for negotiating the deal with Under Armour, Inc. Mr. Bazzell began by stating that UW- Madison currently has a sponsorship agreement with Adidas that expires in June 2016. They worked with the suppliers, including Adidas, Under Armour and Nike, to see which deal was most favorable. The contract allows for product allotment such as shoes, apparel and equipment for all twenty-three athletic teams for the institution. There were questions about how the additional funds were going to be spent. It was noted by Mr. Bazzell and Deputy Athletic Director Walter Dickey that the funds would be used to help fund the full meals that are provided to the student athletes three times per day, covering the full cost of attendance in addition to scholarship funds and other athletics expenses. There was also a question about why the length of the contract was for ten years. The response was that ten years is very typical, as the supplier needs time to recover initial start-up costs. Another question related to the supplier's workplace issues and how they were going to be monitored. Mr. Bazzell indicated that they would be monitoring the workplace issues just as closely as they do with the current Adidas contract. They would be held to the same standards and consequences. This ten-year agreement begins a relationship with a new outfitter after a series of three (3) five-year agreements with Adidas. While the scope of the new agreement is comparable to the current sponsorship agreement with Adidas, the University will receive significant increases in cash contributions and product allotment over the life of the new contract. Under the proposed agreement, UW Athletics would receive \$3.3M in product in the first year and amounts ranging from \$2.5M in the second year to \$3.1M in the final year. Under the proposed agreement, UW Athletics would also receive an annual cash contribution of \$4M.

Upon the motion of Regent Vasquez and the second of Regent Grebe, the committee approved the agreement with Under Armour, Inc.

10. UW-Madison Contractual Agreement – Fermata Partners, LLC

The committee approved a trademark and licensing agreement with Fermata Partners, LLC. Fermata was the recommended provider after an evaluation committee considered plans from three organizations. The proposed agreement runs for five years, with an option for three additional years at the University's discretion. Projected royalties under the proposed agreement are in excess of \$35M.

11. UW-Madison Contractual Agreement – Regneron Pharmaceuticals, Inc.

The committee approved a master services agreement with Regeneron Pharmaceuticals, Inc. There is no funding associated with the agreement as presented, individual work statements will detail efforts and remuneration governed by the terms of this master services agreement. Over the three year life of the agreement, the University is expected to receive payments in excess of \$500,000. Work will be conducted by the Department of Ophthalmology and Visual Sciences, Fundus Photograph Reading Center (FPRC) under the direction of Dr. Barbara Blodi.

I.2.b. The University of Wisconsin School of Medicine and Public Health: The Wisconsin Partnership Program – Acceptance of the 2014 Annual Report

The UW School of Medicine and Public Health is required to provide an annual report for the Board's review under the terms of the conversion agreement.

Dean Robert Golden, MD presented a summary of the Wisconsin Partnership Program's 2014 Annual Report. This program operates with funding derived from the March 2000 conversion of Blue Cross and Blue Shield United of Wisconsin from a nonprofit service corporation to a stock insurance corporation.

Regent Vasquez asked about the community agencies and how accepting they are to work with the school around research, as opposed to just another social service coming in to do social work. Dr. Golden stated that it does continue to be a challenge and they are very sensitive of that. They are very respectful of the wisdom they can learn from the community leaders. Dr. Golden went on to say that they want to fund the best ideas and they have independent panels of experts who review the grants in a competitive manner.

Regent Mueller asked about a project in Milwaukee in which questions were raised about the pace of the project. Dr. Golden stated that it was a challenge to get the project launched. The Wisconsin Partnership Program first wants to see the specific plan with measurable metrics and goals, and to have the infrastructure in place for the accountability that is expected. After a slow start, it was decided to allocate funds subsequent to doing national recruitment for a recognized leader for this type of community engagement work and hired her about a year ago. She is now leading this effort and acceleration in the process is expected.

Regent Mueller then asked about the number and cause of fellows leaving Wisconsin after their training. Dr. Golden replied by saying that when talented people are selected and trained really well, they become marketable. Around 50% of the fellows remain in Wisconsin and are working in public health organizations. Dr. Golden noted that they did change the recruitment strategy to emphasize people who wanted to grow in Wisconsin. A higher retention rate has been experienced in the last five years.

I.2.c. Report on Faculty Turnover in the UW System

David Miller, UW System Vice President for Administration, presented information on UW System faculty turnover during FY 2015 along with some comparative data for recent prior years. Annual faculty turnover across the UW System for FY 2015 averaged 6.0% with a total of 390 faculty leaving UW employment during the year. Of these, 244 were tenured faculty and 146 were probationary (tenure track) faculty. Mr. Miller provided the committee with additional information about faculty turnover from the last five years. He reported that over five years from 2011 to 2015 resignations of probationary faculty increased 62%. The committee requested that staff work closely with institutional leadership and faculty to better understand the turnover issues.

Regent Grebe asked if we are experiencing higher attrition compared to other institutions. Mr. Miller stated that nationally we have very good data on compensation but other institutions do not measure turnover in this way. The most difficult item to measure is the quality of the people who are leaving.

Regent Mueller asked Chancellor Shields from UW- Platteville to speak about losing some tenured track engineering faculty. Chancellor Shields commented that they did lose some faculty due to a voluntary separation incentive agreement. They were later in their career and may have stayed two to ten years longer. He also stated that they are losing people in the engineering industry, partly due to salary. What is most challenging about that is these are the people that are mid-career and have the possibility of being effective

scholars and teachers for ten to fifteen additional years that have the ability to increase the quality of the entry level faculty by the training they would receive. Additionally, they provide a service to the university in the shared governance process. Chancellor Shields went on to say that they lost half of their engineering faculty. They go through several searches until they find the top first through fifth choices to fill the positions. The real concern is that the impact is undermining the ability to attract the types of faculty that we want at our university.

I.2.d. Report of the Vice President(s)

Vice President for Administration David Miller provided a brief update to the committee. He reported that as of October 1, 2015 the UW System has entered into a cyber liability insurance policy. The coverage is limited and the deductibles are quite high. Mr. Miller will be taking the next six months to study self-insured options, which could potentially bring the cost down. He will keep the committee informed on this study. This cyber liability is to protect the UW System from the potential liability of breeches of data.

The committee adjourned at 12:07 p.m.

Respectfully submitted,



Jennie Bauernhuber
Recording Secretary