

**UW System Board of Regents
Business & Finance Committee
UW-Green Bay University Union, Phoenix C
April 7, 2016**

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, Grebe, Hall and Harsy were in attendance.

I.2.a. Approval of the Minutes of the February 4, 2016 Meeting of the Business and Finance Committee

Upon the motion of Regent Bradley, and the second of Regent Hall, the committee approved the Minutes of the February 4, 2016 Meeting of the Business and Finance Committee.

I.2.b. UW-Green Bay Presentation – *Business and Finance in a Transitional Time*

Sheryl Van Gruensven, UW-Green Bay Vice Chancellor for Business and Finance, discussed how the institution is navigating the current fiscal environment. Every area of the campus has been impacted by reductions in the budget. It was noted that they are planning to continue managing the reduction in the second year of the biennium beginning on July 1st, 2016. A summary of the impacts from budget cuts included curriculum modification, loss of faculty positions, reduced opportunities for students such as international travel programs, and the elimination of the center for advanced teaching and learning. In addition, several business services positions have been or will be eliminated. The plan is to look for ways to reduce expenses.

Regent Mueller asked how UW-Green Bay is using unrestricted funds for capital projects. Ms. Van Gruensven gave an example of using some dollars from general operations accounts to help fund a soccer project and using dollars from an auxiliary operations account to fund windows, siding and roofs for some residence halls.

I.2.c. Review and Approval of Non-resident and Graduate Tuition Initiatives at UW Institutions

Upon the motion of Regent Bradley, and the second of Regent Hall, the committee approved tuition changes for certain non-resident and graduate programs at La Crosse, Milwaukee, Platteville, Stout, and Whitewater.

No changes were sought for resident undergraduate tuition rates through these requests.

Regent Mueller asked for clarification regarding the online and non-traditional programs. Interim Vice President Julie Gordon clarified that if it is a resident undergraduate student taking an online course the tuition freeze still applies.

Regent Mueller inquired about the high percentage increase for the master's program in computer science at UW-Platteville. Vice Chancellor Rob Cramer confirmed that this increase still keeps the program price competitive and given the annual salaries for this position it's still very affordable.

I.2.d. UW System Trust Funds - Annual Report

Director of Trust Funds Doug Hoerr presented highlights of the 2015 Annual Trust Funds Report. These funds are comprised of gifts and bequests made directly to a UW institution rather than to their respective foundations. As of June 30, 2015, the funds held net assets totaling \$526.7M, a decrease of \$10.0M from \$536.7M at the end of the prior fiscal year. Gifts received during the period totaled \$10.4M, up from the \$10.0M received in the prior period. Disbursements to benefiting UW institutions totaled \$19.5M for the year, versus \$18.9M for the prior period. The *Long Term Fund* gained 0.5% over the period, while the *Intermediate Fund* and the *Income Fund*, returned 1.2% and 0.1%, respectively.

The complete report can be viewed at https://www.wisconsin.edu/trust-funds/download/investments_and_reports/TrustFundsAnnualReport-2015.pdf

I.2.e. UW System Trust Funds – Annual Endowment Benchmarking Report

The committee received highlights from the annual benchmarking studies. Annualized returns for UW Trust Funds lagged peers in the one and three-year periods ending June 30, 2015, essentially matched the five-year return for funds its size. For the ten-year period, the UW Trust Funds significantly exceeded the average returns of its peers. UW investment staffing is in line with the average for similar sized endowments. UW System Trust Funds 4% spending rate is somewhat more conservative than the “all institution” average of 4.7%.

I.2.f. UW System Trust Funds – Quarterly Investment Report

Doug Hoerr, UW System Trust Funds Director, presented highlights of the Quarterly Investment Report. Total Trust Funds net assets increased by \$2 million during the quarter, from \$495 million at September 30, 2015 to \$497 million at December 31, 2015. The Long Term Fund returned 1.3% for the quarter (-2.4% for the full year), the Intermediate Term Fund returned 0.1% (0.9% for the year), and the Income Fund returned close to zero for the quarter (and only 0.1% for the year).

I.2.g. Approval of Tripp Trust Transfer to UW-Madison

Upon the motion of Regent Bradley, and the second of Regent Grebe, the committee approved a one-time transfer of \$200,000 from the Tripp Trust Fund Income account to the Tripp Trust Fund-Brittingham House Maintenance account. The transfer is being requested to fund various non-routine maintenance work performed by UW-Madison Facilities Planning and Management staff in connection with the recent renovation of the facility.

I.2.h. Financial Management Report (3rd Quarter FY 2016)

Interim Vice President Julie Gordon presented the committee with a high level summary report comparing straight line budgeted to actual revenues and expenditures through the third quarter of the fiscal year. The report provides UW System management and the Board with a dashboard-type tool to monitor financial activity within the UW System. The report has been redesigned to include information on carry forward fund balances. Interim Vice President for Finance, Julie Gordon, provided a copy of the Report to Committee members at the meeting.

I.2.i. UW-Madison Contractual Agreement – Agilis Biotherapeutics, LLC

Upon the motion of Regent Grebe, and the second of Regent Bradley, the committee approved a Fee for Service agreement with Agilis Biotherapeutics, LLC. The agreement involves the manufacture and phase 1 clinical trial of therapeutic substances intended to address a rare inherited genetic disease that causes progressive damage to the nervous system. Work under the agreement is expected to be performed from June 1, 2016 through March 19, 2019. The institution is expected to receive \$1,515,000 under the agreement. The work will be conducted in the Waisman Center under the direction of Dr. Derek Hei.

I.2.j. UW-Eau Claire Dining Services Contractual Agreement – Sodexo Operations, LLC

Upon the motion of Regent Grebe, and the second of Regent Hall, the committee approved an agreement with Sodexo Operations, LLC to provide dining services at the institution. The contract would be effective June 1, 2016 for a one year period, with the option for nine one-year extensions. Estimated annual net revenue to the vendor is approximately \$11.4M, totaling approximately \$114.0M over the potential life of the agreement. Estimated commissions to the institution over the life of the contract are approximately \$8.02M. In addition, the vendor is expected to invest \$3.6M in campus facilities.

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

Julie Gordon, UW System Interim Vice President for Finance, provided a brief update on the work of the Resource Allocation Team. There is a desire to look at how GPR dollars are allocated across the system to various UW institutions. An internal work group comprised of people from many different backgrounds and areas of expertise has been assigned to this project. Possible components of an allocation model are currently being researched. The process is lengthy and the goal is to have options to President Cross by spring 2017.

David Miller, UW System Vice President for Administration provided information on activities underway through the Administrative Reform Agenda. The goal is to streamline administrative operations throughout the UW System, consisting of building a new budget system, streamlining human resources, information technology, procurement and potentially capital projects. The initiative will be discussed in greater detail at the June 2016 full Board of Regents meeting following the annual budget presentation. It will then be kept on the committee agenda as an update item thereafter.

The committee adjourned at 12:25 p.m.

Respectfully submitted,



Jennie Bauernhuber
Recording Secretary