

**UW System Board of Regents
Business & Finance Committee
Overture Room, Gordon Dining and Event Center, Madison
August 18, 2016**

MEETING OF THE BUSINESS AND FINANCE COMMITTEE:

The Business and Finance Committee was called to order at 9:45 a.m. by Regent Mueller. Roll call was taken and Regents Mueller, Steil, Delgado, Erickson, Grebe, Hall and Higgins were in attendance.

I.2.a. Approval of the Minutes of the June 9, 2016 Meeting of the Business and Finance Committee

Upon the motion of Regent Hall and the second of Regent Grebe, the committee approved the Minutes of the June 9, 2016 Meeting of the Business and Finance Committee.

I.2.b. Semi-annual Status Report on Large/Vital Information Technology Projects as required by Wisconsin Statutes 13.58(5)(b)(3)

The committee heard a report from Interim Associate Vice President & Chief Information Officer, David Stack, on the status of four large IT projects underway in the UW System. These projects include the Oracle/PeopleSoft Human Capital Management Application Upgrade, UW-Stevens Point Implementation of Oracle/PeopleSoft Campus Solutions, Replacement of the Interactive Reporting Tool, and the new Budgeting, Planning, and Forecasting System. While there are some concerns related to schedule, data conversion, and training on the replacement of the interactive reporting tool, all four projects are currently deemed to be on target with respect to scope and budget.

Vice President for Administration & Fiscal Affairs, David Miller made mention that the payroll and benefits system upgrade is the first critical upgrade since its inception. This project is on schedule and on budget for going live in February 2017. Mr. Miller believes the upgrade is going relatively smoothly and all of the technical changes are on task and will be Affordable Care Act (ACA) compliant by the go live date.

I.2.c. Quarterly Gifts, Grants and Contracts Report – FY 2016 Final

The committee received a summary of gift, grant, and contract awards that were presented by Interim Vice President for Finance Julie Gordon for the period July 1, 2015 through June 30, 2016. Ms. Gordon highlighted that the report is based on awards and not based on expenditures, so if a multi-year award were to be given, it would all be captured in the year it is initially received. Total awards for the period were approximately \$1.518 billion, an increase of \$68.5 million compared to the prior year. Federal awards increased \$53.5 million while non-federal awards increased by \$15.0 million.

I.2.d. Financial Management Report – FY 2016 (4th Quarter – preliminary)

The committee received a high level, preliminary summary report comparing budgeted to actual revenues and expenditures through June 30, 2016. However, Interim Vice President Julie Gordon stressed that this report is preliminary since the State of Wisconsin requires an additional close-out period beyond June 30th. Additional transactions may be processed in this period.

The report provided UW System management and the Board with a dashboard-type tool to monitor financial activity within the UW System. This preliminary fourth quarter report showed that, as of

June 30th, actual expenditures were approximately 96.5% of the regent approved budget, while revenues were at 100.3% of the budgeted level. The projection is to end the year at about \$283M in the fund balance. This would be about \$78M higher than anticipated. A large amount of this is due to utilities and fringe benefits being less than anticipated.

I.2.e. Trust Funds – UW-Madison Request for an Exception to Board Policy on Large Unendowed Bequests/Gifts for a Bequest from the Michael K. McShane Estate

UW-Madison Chancellor Blank requested an exception for UW-Madison to allow expenditure of the full \$327,487 amount of the bequest from the Michael K. McShane Estate.

Chancellor Blank stressed that she would like to discuss at a future date the idea of not restricting any unrestricted gifts given to the institution in the future.

Upon the motion of Regent Delgado and the second of Regent Hall, the committee approved an exception to Board policy that requires non-endowed gifts in excess of \$250,000 to become Board-designated endowments.

The gift will be applied to the *Learning Commons* project within the UW School of Business.

I.2.f. UW-Madison Contractual Agreement – Amazon Pickup Points, LLC

UW-Madison Interim Vice Chancellor for Finance and Administration, Michael Lehman proposed an agreement with Amazon Pickup Points, LLC to locate and operate a facility on campus where students, faculty and staff can pick up merchandise ordered through Amazon on-line. The institution will receive commissions based on the volume of sales delivered through the facility. The agreement includes guaranteed annual commissions of \$100,000 per year, although actual commissions are expected to be considerably higher than that amount. The facility is expected to reduce the volume of delivery vehicles on campus and provide a convenient central pickup point for all campus-based Amazon orders.

Questions were raised as to how Amazon was selected to provide this service. Interim Vice Chancellor Lehman noted that Amazon approached UW-Madison, as it also considered properties immediately adjacent to campus. Lehman added that UW-Madison saw the contract as a way to provide services to the campus community, minimize congestion, and generate revenue. A procurement process was not necessary because there are no other vendors that provide this type of service.

Upon the motion of Regent Higgins and the second of Regent Hall, the committee approved this agreement with Amazon Pickup Points, LLC.

I.2.g. UW-Whitewater Contractual Agreement for Exclusive Soft Drink Pouring and Vending Rights with Bottling Group, LLC

Upon the motion of Regent Delgado and the second of Regent Hall, the committee approved an agreement with Bottling Group, LLC, Pepsi Beverages Companies to provide exclusive rights to soft drink pouring and vending at the institution. The contract is effective September 1, 2016 through June 30, 2023 (seven years) with two one-year renewal options. Estimated revenues to the institution over the life of the contract are expected to be approximately \$1.6M.

I.2.h. UW-Oshkosh Contractual Agreement for Exclusive Soft Drink Pouring and Vending Rights with Bottling Group, LLC

Upon the motion of Regent Higgins and the second of Regent Steil, the committee approved an agreement with Bottling Group, LLC, Pepsi Beverages Companies to provide exclusive rights to soft drink pouring and vending at the institution. The contract is effective September 1, 2016 through June 30, 2023 (seven years) with three one-year renewal options. Estimated revenues to the institution over the life of the contract are expected to be approximately \$2.2M.

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

David Miller, UW System Vice President for Administration & Fiscal Affairs, provided an update on the Human Resources System (HRS) Upgrade and the UW System Commitment to Operational Reform and Effectiveness (CORE) Project.