

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.2. Business and Finance Committee

Thursday, June 9, 2016
9:00 a.m.-10:30 a.m.
UW-Milwaukee
2200 East Kenwood Boulevard
UWM Union, 1st Floor, Ballroom West
Milwaukee, Wisconsin

- a. Approval of the Minutes of the April 7, 2016 Meeting of the Business and Finance Committee
- b. UW-Milwaukee Contractual Agreement with Precision Systems, Inc.
[Resolution I.2.b.]
- c. UW-Green Bay Dining Services Contractual Agreement with Compass Group USA, Inc., by and through its Chartwells Division
[Resolution I.2.c.]
- d. UW-Parkside Dining Services Contractual Agreement with A'viands, LLC
[Resolution I.2.d.]
- e. UW-Superior Contractual Agreement with Academic Partnerships, LLC
[Resolution I.2.e.]
- f. UW-Whitewater Pouring Rights Contractual Agreement with Bottling Group, LLC
[Resolution I.2.f.] *DEFERRED 6-6-2016*
- g. UW-Madison Contractual Agreement with NeOnc Technologies, Inc.
[Resolution I.2.g.]
- h. UW-Madison Contractual Agreement with National Oilwell Varco, LP
[Resolution I.2.h.]
- i. UW-Madison Contractual Agreements with Fanatics Retail Group Wisconsin, Inc. and Gold Country, Inc.
[Resolution I.2.i.]
- j. Trust Funds – UW-Madison Request for an Exception to Board Policy on Large Unendowed Bequests/Gifts for the Eleanor Casebier Trust
[Resolution I.2.j.]
- k. Application Fee Proposal(s)
[Resolution I.2.k.]

- l. Approval of Revised Regent Policy Documents Related to Contracting Authority
 1. Regent Policy Document 13-1 *General Contract Approval, Signature Authority, and Reporting*
[Resolution I.2.1.1.]
 2. Regent Policy Document 13-2 *Real Property and Construction Contract Signature Authority and Approval*
[Resolution I.2.1.2.]
 3. New Regent Policy on Gift and Grant Funded Capital Projects
[Resolution I.2.1.3.]
- m. Report on the Progress of the Integration and Amendments to the Integration Agreement between UW Hospital and the UW Medical Foundation
[Resolution I.2.m.]
- n. Quarterly Gifts, Grants, and Contracts Report – FY 2016 Q3
- o. UW-Milwaukee Presentation – *UW-Milwaukee's Response to Fiscal Challenge – 2015-17 and Beyond*
- p. Report of the Vice President(s)
 - Update on Title and Total Compensation Study

UW-Milwaukee Contractual Agreement
With Precision Systems, Inc.

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents, doing business as the University of Wisconsin-Milwaukee, and Precision Systems, Inc.

**UW-MILWAUKEE CONTRACTUAL AGREEMENT
WITH PRECISION SYSTEMS, INC.**

EXECUTIVE SUMMARY

BACKGROUND

UW System Board of Regents policy requires any grant or contract with private profit-making organizations in excess of \$1,000,000 be presented to the Board for formal approval prior to execution.

REQUESTED ACTION

Approval of Resolution I.2.b.

DISCUSSION

The Department of Civil Engineering in the College of Engineering and Applied Science and the Office of Sponsored Programs at the University of Wisconsin-Milwaukee have negotiated a Sponsored Research Agreement with Precision Systems, Inc., a Chinese company with specialization in highway infrastructure design and planning, traffic engineering, traffic control system design, traffic signal design, and street light design.

Under this agreement, the university will engage with Precision Systems, Inc. to design, implement, and test a city-wide traffic work zone project management system for Washington, D.C. The services will be provided over a period from June 1, 2016 through May 31, 2021. Revenues to the university associated with such services are estimated to be \$1,562,564. The work will be overseen by Dr. Yue Liu in the Department of Civil Engineering.

RELATED REGENT POLICIES

Regent Policy Document 13-1: General Contract Authority, Approval, and Reporting.

UW-Green Bay Contractual
Agreement with Compass Group
USA, Inc., by and through its
Chartwells Division

BUSINESS AND FINANCE COMMITTEE

RESOLUTION:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Green Bay and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents, doing business as University of Wisconsin-Green Bay, and Compass Group USA, Inc., by and through its Chartwells Division to provide Dining Services for a period of one (1) year contract effective August 1, 2016 with six (6) one year (1) renewal options.

June 10, 2016

Agenda Item I.2.c.

**UW-GREEN BAY AGREEMENT
WITH COMPASS GROUP USA, INC.,
BY AND THROUGH ITS CHARTWELLS DIVISION**

EXECUTIVE SUMMARY

BACKGROUND

UW System Board of Regents policy 13-1 requires any grant or contract with private profit-making organizations in excess of \$1,000,000 be presented to the Board for formal acceptance prior to execution.

The University of Wisconsin-Green Bay has run a competitive Request for Proposal (RFP) process (PS-16-2166) to seek a Dining Services contract for the institution and is seeking approval for award.

REQUESTED ACTION

Approval of Resolution I.2.c.

DISCUSSION

The University of Wisconsin-Green Bay currently manages a unique environment because dining services are delivered by a contractor exclusively through a retail-oriented cash and declining-balance points plan and not a traditional board plan. The institution has recently completed a Request For Proposal (PS-16-2166 Dining Services) with the intent to move away from the exclusive retail oriented food service program in order to implement a residential dining board program in conjunction with a retail operation, catering, malt liquor and alcoholic beverage services.

In response to Request For Proposal (PS-16-2166 Dining Services) three vendors submitted a proposal: Sodexo Operations, LLC; A'viands, LLC; and Compass Group USA, Inc., by and through its Chartwells Division (Chartwells). Chartwells received the highest total score of 882.56 total points. A nine-member evaluation committee, including students, university staff members and one external reviewer completed the scoring process which was led by UW System Procurement staff. The Compass Group USA, Inc., by and through its Chartwells Division proposal meets all of the UW-Green Bay desired outcomes.

Some highlights of the contract are as follows:

- Contractor will assume operation of the Dining Services on August 1, 2016 for one (1) year with six (6) one (1) year extensions for a potential Seven (7) year contract.
- The contractor will operate all dining services, including the residential dining program, retail operations, catering, conferences, camps and summer activities.
- Annual net revenue to the Contractor is valued at approximately \$3.3 million per year.
- Estimated revenue to the vendor for life of the contract is \$23.1 million.
- The UW-Green Bay will receive a minimum annual guarantee of \$120,000 annually or commission from cash sales, retail, catering/alcoholic beverage, camps/conferences, branded concepts Dining/Pass Point Sales and all convenience store items whichever is greater.
- Estimated commission to UW-Green Bay annually is \$180,400 and \$1.26 million over the life of the contract.
- Estimated increase in commission of nearly 10% above the current contract.
- The contractor will invest \$500,000.
- Dining options include regional/national brands such as Erbert and Gerbert's and Door County Coffee and WPS Starbucks.

RELATED REGENT POLICIES

Regent Policy Document 13-1: General Contract Authority, Approval and Reporting

State of Wisconsin
University of Wisconsin System
Office of Procurement
780 Regent Street

CONTRACT NO. PS-16-2166

COMMODITY CODE: 96219

DATE: August 1, 2016

SERVICE: Dining Services for the University of Wisconsin-Green Bay

CONTRACT TERM: A one (1) year contract effective August 1, 2016 through July 31, 2017 with six (6) one year (1) renewal options

REFERENCE: Per the attached Specifications and vendor's response to Request for Bid # PS-16-2166

VENDOR: Compass Group USA, Inc., by and through its Chartwells Division
2 International Drive
Rye Brook, NY 10573

VENDOR CONTACT: Ms. Susan "Suzy" Matuska, Director of Business Development
Phone: (612) 518-8816
E-Mail Address: susan.matuska@compass-usa.com

FEIN NO: 56-1874931

COMMISSION AND
GUARANTEE: Per the attached Bid Specifications Page No. 103. Commission: 15% Catering and Alcohol Sales and 10% all other sales, Guarantee: \$120,000.

COMMISSION
PAYMENTS: Due on or before the 20th day of the period for the previous period's receipts.
See Page 94 of bid specifications.

PERFORMANCE BOND: Currently on file at UW System Procurement in the amount of \$400,000 and to be maintained in force by the contractor for the life of the contract.

INSURANCE
CERTIFICATE: To be maintained on file with UW System Procurement at 780 Regent Street, Madison, Wisconsin, 53715, in the amounts specified on Page 46 of the specifications.

ESTIMATED CONTRACT
TERMINATION DATE: July 31, 2022

CONTRACT
DISTRIBUTION: Rick Warpinski, Director University Union
Phone Number: (920) 465-2090
E-Mail: warpinsr@uwgb.edu

For further information contact:
Paul D. Schlough
UW System Procurement
Telephone: 608-265-0557

UW-Parkside Dining Services Agreement
With A'viands, LLC

BUSINESS AND FINANCE COMMITTEE

RESOLUTION:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Parkside and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents, doing business as the University of Wisconsin-Parkside, and A'viands, LLC, to provide dining services for the period of one (1) year, effective June 27, 2016 with six (6) one year (1) renewal options.

UW-PARKSIDE AGREEMENT WITH A'VIANDS, LLC

EXECUTIVE SUMMARY

BACKGROUND

UW System Board of Regents policy 13-1 requires any grant or contract with private profit-making organizations in excess of \$1,000,000 be presented to the Board for formal acceptance prior to execution.

The University of Wisconsin-Parkside ran a competitive Request for Proposal (RFP) process (PS-16-2443) to seek a dining services contractor for the institution and is seeking approval for award.

REQUESTED ACTION

Approval of Resolution I.2.d

DISCUSSION

The UW-Parkside Dining Services program provides a student board program as well as retail, summer camps and conferences and catering programs. Dining Service facilities are located in the Parkside Student Center, Molinaro Hall and Wyllie Hall on campus. The current dining services contract is expiring on June 26, 2016. In response to Request for Proposal (PS-16-2443 Dining Services) three vendors submitted proposals: Sodexo Operations, LLC; Lancer Hospitality; and A'viands, LLC. A'viands, LLC received the highest total score in the evaluation process. A ten-member evaluation committee, including students, university staff members and one external reviewer completed the scoring process which was led by UW System Procurement staff. The A'viands, LLC proposal meets all of the UW-Parkside desired outcomes.

Some highlights of the contract are as follows:

- Contractor will assume operation of the Dining Services on June 27, 2016 for one (1) year with six (6) one (1) year extensions, for a potential seven (7) year contract.
- The contractor will operate all dining services, including the residential dining program, retail operations, catering, conferences, camps and summer activities.
- Annual net revenue to the Contractor is valued at approximately \$2.8 million per year.
- UW-Parkside will receive a minimum annual guarantee of \$100,000 annually or commission from cash sales, retail, catering, alcoholic beverage, camps/conferences, campus cash, branded concepts and all convenience store items, whichever is greater.
- Estimated commissions to UW-Parkside annually is \$152,400.

- Estimated commissions to UW-Parkside for the life of the contract is \$1.07 million.
- The estimated increase in commission generated revenue from the previous contract is \$47,500 annually or \$332,300 for life of the contract or a 31.2% increase.
- Estimated revenue to the vendor for life of the contract: \$20 million.
- The contractor will invest \$500,000.
- Dining options include regional/national brands such as Subway and Starbucks.

RELATED REGENT POLICIES

Regent Policy Document 13-1: General Contract Authority, Approval and Reporting

University of Wisconsin System
Office of Procurement
780 Regent Street
Madison, Wisconsin 53715

CONTRACT NO. PS-16-2443

COMMODITY CODE: 96219

DATE: June 27, 2016

SERVICE: Dining Services for the University of Wisconsin-Parkside

CONTRACT TERM: A one (1) year contract effective June 27, 2016 through June 26, 2017 with six (6) one year (1) renewal options

REFERENCE: Per the attached contract requirements and vendor's response to Request for Proposal # PS-16-2443

VENDOR: A'viands, LLC
1751 County Road B West, Suite 300
Roseville, MN 55113

VENDOR CONTACT: Mr. Bob Dooley, Business Development Director
612-500-2567
bdooley@aviands.com

FEIN NO: 01-0794459

COMMISSION AND
GUARANTEE: Per the attached specifications Page No. 75. Commission: 7% Wyllie, and 12% all other sales. (Non-Commissionable Dining Dollar sales excluded from all commission structures)
Annual Guarantee: \$100,000.

COMMISSION
PAYMENTS: Due on or before the 20th day of the period for the previous period's receipts.
See Page 70 of contract requirements.

PERFORMANCE BOND: Currently on file at UW System Procurement in the amount of \$250,000 and to be maintained in force by the contractor for the life of the contract.

INSURANCE
CERTIFICATE: To be maintained on file with UW System Procurement at 780 Regent Street, Madison, Wisconsin, 53715, in the amounts specified on Page 37 of the requirements.

ESTIMATED CONTRACT
TERMINATION DATE: June 26, 2022 assuming all options are exercised

CONTRACT
DISTRIBUTION: Stephanie Sirovatka-Marshall, Director, UW-Parkside Student Center
Phone Number: (262) 595-3339
E-Mail: sirovatk@uwp.edu

For further information contact:
Paul D. Schlough
UW System Procurement
Telephone: 608-265-0557

UW Superior Contractual Agreement
with Academic Partnerships

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the Chancellor of the University of Wisconsin Superior and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents, doing business as the University of Wisconsin Superior and Academic Partnerships for a period of seven years with one (1) option to renew for five (5) years.

UW-SUPERIOR AGREEMENT WITH ACADEMIC PARTNERSHIPS

EXECUTIVE SUMMARY

BACKGROUND

UW Board of Regents policy 13-1 requires any grant or contract with private profit-making organizations in excess of \$1,000,000 be presented to the Board for formal acceptance prior to execution.

The University of Wisconsin-Superior conducted a competitive Request for Proposal (RFP) process LG-15-SUP06 to seek an Online Educational Program Services provider for Distance Learning at the institution and is seeking approval for award.

REQUESTED ACTION

Approval of Resolution I.2.e.

DISCUSSION

The University of Wisconsin-Superior solicited proposals from interested vendors to furnish a proven suite of solutions to implement high-quality distance education programs. UW-Superior sought a firm with the ability to effectively expand UW-Superior programs online and nationally. UW-Superior's initial focus is on graduate programs but may add additional programs. Initial programs that would be established on-line would include: Masters in Science in Education, with concentration in Administration, Instruction and Special Education.

The selected firm would provide marketing, recruiting and student retention services from a wider geographic area. This includes creating and maintaining a dynamic website, tracking the effectiveness of marketing strategies, documenting prospective candidates and following them through the admissions process, and engaging in best practice retention strategies leading to graduation.

One vendor submitted a proposal, and two vendors declined to propose in response to the RFP. The proposal was evaluated and scored by a four member evaluation committee and UW-Superior Purchasing staff. A member of the UW-System Office of Procurement assisted with contract negotiations. A best and final offer was requested and based on the results it was determined that Academic Partnerships meets UW-Superior's desired outcomes.

The Higher Learning Commission (HLC) requirement to be notified of the contractual relationship with an on-line program supplier has been met. HLC has provided UW-Superior's Office of the Provost with approval.

Some highlights of the contract are as follows:

- Original term of the contract shall commence approximately in January 2017 and end on the seventh anniversary of the first Launch Date of the designated Online Program.
- There is an option for one (1) five (5) year extension.
- Tuition revenue and non-segregated fees will be shared between the Contractor and UW-Superior.
 - Estimated revenue to UW-Superior for the seven (7) year contract: \$29.7 million
 - Estimated expenses to UW-Superior for the seven (7) year contract: \$14.9 million
 - Estimated gain to UW-Superior for the seven (7) year contract: \$14.8 million
 - Estimated revenue to Contractor for the seven (7) year contract: \$23.0 million

RELATED REGENT POLICIES

Regent Policy Document 13-1: General Contract Authority, Approval and Reporting

UW-Madison Contractual Agreement
with NeOnc Technologies, Inc.

BUSINESS AND FINANCE COMMITTEE

Resolution:

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 Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and NeOnc Technologies, Inc.

**UW-MADISON CONTRACTUAL AGREEMENT
WITH NEONC TECHNOLOGIES, INC.**

EXECUTIVE SUMMARY

BACKGROUND

UW System Board of Regents policy requires any grant or contract with private profit-making organizations in excess of \$1,000,000 be presented to the Board for formal approval prior to execution.

REQUESTED ACTION

Adoption of Resolution I.2.g.

DISCUSSION AND RECOMMENDATIONS

The University of Wisconsin-Madison School of Medicine and Public Health, with assistance from the Office of Research and Sponsored Programs at the University of Wisconsin-Madison, has negotiated a Master Clinical Trial Agreement with NeOnc Technologies, Inc. Because this Agreement is intended to facilitate multiple studies, NeOnc Technologies, Inc. could potentially pay the University in excess of \$1,000,000 under this Agreement. The first research project to be conducted under this Agreement is entitled “An Open-Label, Phase1/2A dose escalation Study of Safety and Efficacy of NEO100 in Recurrent Grade IV Glioma,” and is anticipated to be conducted during the period from July 1, 2016 through completion of the studies under the direction of Dr. Steve Howard.

RELATED REGENT POLICIES

Regent Policy Document 13-1, General Contract Signature Authority, Approval, and Reporting

UW-Madison Contractual Agreement
with National Oilwell Varco

BUSINESS AND FINANCE COMMITTEE

Resolution:

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 Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and National Oilwell Varco.

**UW-MADISON CONTRACTUAL AGREEMENT
WITH NATIONAL OILWELL VARCO**

EXECUTIVE SUMMARY

BACKGROUND

UW System Board of Regents policy requires any grant or contract with private profit-making organizations in excess of \$1,000,000 be presented to the Board for formal approval prior to execution.

REQUESTED ACTION

Adoption of Resolution I.2.h.

DISCUSSION AND RECOMMENDATIONS

The College of Engineering, with assistance from the Office of Industrial Partnerships at the University of Wisconsin-Madison, has negotiated a Research Agreement with National Oilwell Varco. In consideration for providing the requested research, National Oilwell Varco shall pay the University \$1,800,000. The research project is anticipated to be conducted during the period from July 1, 2016 through June 30, 2020. The research will be conducted in the department of Industrial Engineering under the direction of Ananth Krishnamurthy.

The study is titled, “Being Responsive in a Complex Custom-Engineered Manufacturing Environment: Strategies, Methods, and Tools.” The objective of the multi-year collaboration is to continue development and deployment of strategies, methods, and tools that form the basis for a National Oilwell Varco Manufacturing System (NOVMS) that will facilitate timely responses to internal challenges as well as external market opportunities and expectations.

RELATED REGENT POLICIES

Regent Policy Document 13-1, General Contract Signature Authority, Approval, and Reporting

UW-Madison Athletics
Merchandising Rights and Facility Rental Agreements
with Fanatics Retail Group Wisconsin, Inc.
and Gold Country, Inc.

BUSINESS AND FINANCE COMMITTEE

Resolution:

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 Board of Regents, doing business as the University of Wisconsin-Madison, Fanatics Retail Group Wisconsin, Inc. and Gold Country Inc.

**UW-MADISON CONTRACTUAL AGREEMENT
WITH FANATICS RETAIL GROUP WISCONSIN AND GOLD COUNTRY INC.**

EXECUTIVE SUMMARY

BACKGROUND

UW-Madison is seeking approval by the Board of Regents to enter into contractual agreements with (1) Gold Country, Inc. (“Gold Country”) to operate retail locations at Camp Randall Stadium, the Kohl Center and UW Field House and (2) Fanatics Retail Group Wisconsin, Inc. (“Fanatics”) as the official online store for the Division of Intercollegiate Athletics (“Athletics”).

Since 2004, UW-Madison has had a contractual agreement with Gold Country for Athletics’ retail merchandising rights, including website sales and on-site space rental. The initial contract with Gold Country covered a seven-year term ending on June 30, 2011, with an additional three-year option. In July 2009, the parties agreed to exercise the three-year option extending the contract through June 30, 2014, and to add an additional two year option. The two-year option was exercised, taking the current contract through June 30, 2016.

The scope of the current contractual agreement with Gold Country is comparable to the proposed agreement, except that the proposed agreement does not include online sales. Instead, UW-Madison seeks to enter into two separate contractual agreements, the first with Gold Country for the exclusive right to sell licensed merchandise in all Athletics’ facilities, and second with Fanatics for the exclusive right to operate the official e-commerce sites of Athletics.

For the past 12 years, Gold Country has been a valuable partner to Athletics and has provided Athletics over \$5 million of merchandise sales revenue since the contract’s inception. By building a strong brand and maintaining a focus on quality, Gold Country has increased retail sales volume from \$750,000 to \$2.6 million per year. Fanatics offers Athletics the opportunity to partner with the leading online retailer of officially licensed sports merchandise. The company powers the e-commerce sites of all major professional sports leagues (NFL, MLB, NBA, NHL, NASCAR, PGA), major media brands (ESPN, NBC Sports, CBS Sports, FOX Sports) and over 200 collegiate and professional team properties.

REQUESTED ACTION

Adoption of Resolution I.2.1.

DISCUSSION AND RECOMMENDATIONS

An Invitation to Submit Plans (ISP) was issued through UW Madison Purchasing Services, offering identified companies the opportunity to submit a plan. Plan submitters were asked to provide information regarding their business plan, online sales history, game day in-venue sales, product mix, pricing, customer service, marketing, advertising and technology.

Two organizations submitted formal plans, providing both a written narrative and an in-person presentation. An evaluation committee considered these plans, resulting in the recommendation herein.

Contract highlights include:

- A term of five years with an optional 3-year extension
- 5% net merchandise revenue from online sales
- 15% consumer products license revenue
- 50% net merchandise Revenue from “game used” items from online sales
- Access to customer data for all purchases of Wisconsin Athletics merchandise
- Escalating minimum yearly guarantees, total 5-year guarantee of \$3,750,000 from online sales
- Guaranteed \$300,000 annually paid in quarterly disbursements of \$75,000 for retail sales up to \$1,500,000.
- Retail sales exceeding \$1,500,001 and up to \$2,000,000 would pay an additional 30% per dollar generated.
- Retail sales exceeding \$2,000,001 would pay 35% per dollar generated.

RELATED REGENT POLICIES

Regent Policy Document 13-1: General Contract Authority, Approval, and Reporting.

UW System Trust Funds
Exception to Board Policy on
Large Unendowed Bequests/Gifts
For the Eleanor Casebier Bequest

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the Chancellor of UW-Madison and the President of the University of Wisconsin System, an exception to RPD 31-15 be granted to allow for the expenditure of the principal of the Eleanor Casebier bequest at the discretion of the Chancellor's Office.

**UW SYSTEM TRUST FUNDS EXCEPTION
TO BOARD POLICY ON
LARGE UNENDOWED BEQUESTS FOR THE
ELEANOR CASEBIER BEQUEST**

EXECUTIVE SUMMARY

BACKGROUND

In the event a donor gives no direction as to the use of a gift's principal, current Board of Regents policy requires that all such bequests equal to or greater than \$250,000 become Board-designated endowments. As a designated endowment, only the income from the gift is made available for expenditure. If an exception to this restriction is desired, whether at the time of initial gift acceptance or at a later date, a request with appropriate justification must be submitted to the Vice President for Finance for consideration at the next meeting of the Business and Finance Committee.

REQUESTED ACTION

Approval of Resolution I.2.j.

DISCUSSION

A bequest of \$800,000.00 has been received from the Eleanor Casebier Trust, and a small final distribution is expected in the coming months. The governing Trust document states the following under ARTICLE V, A.:

“One-Half (1/2) in value thereof outright and free of Trust to UNIVERSITY OF WISCONSIN AT MADISON; in memory of my sister, Gabrielle Casebier;”

According to the attorney's office handling the Casebier estate, Eleanor (a/k/a Virginia Eleanor Casebier) had no surviving relatives and was never married. They believe that Eleanor's only connection to UW-Madison was through her sister Gabrielle (a/k/a Georgia Gabrielle Casebier). Records at the Registrar's Office indicate that Georgia Gabrielle Casebier received her Ph.D. in Speech from UW-Madison in 1961. An on-line search also revealed that Gabrielle Casebier had been an Associate Professor of Speech at what is now Central Michigan University.

Chancellor Blank of UW-Madison is requesting an exception to Regent Policy 31-15 to allow for the expenditure of the principal of this bequest. As the attached letter from the Chancellor

indicates, due to the broad financial constraints under which the campus is currently operating, there is a need for further reliance on fully expendable, discretionary funds to support operational needs. If approved, the gift will be deposited to the “UW-Madison Chancellor’s Special Fund,” which is an existing fully expendable, discretionary fund administered by the Chancellor’s Office.

RELATED REGENT POLICIES

Regent Policy Document 31 -15: *Policy on Large Unendowed Bequests/Gift*



May 16, 2016

Mr. Douglas Hoerr
Director of Trust Funds
Trust Fund Operations
780 Regent Street, Suite 305
Madison, WI 53715

Dear Mr. Hoerr:

The Chancellor's Office is pleased to receive the \$800,000 bequest from the Eleanor Casebier Trust. We are honored that Ms. Eleanor Casebier chose to honor her sister, Gabrielle, in this manner.

As you know, the University of Wisconsin-Madison faces financially challenging times today. A combination of reductions in state funding and limited tuition increases, have resulted in the University implementing budget reductions across nearly all units on campus. Because of this, we would like to respectfully request that the full balance of the bequest be classified as 'undesignated' and made available in the UW-Madison Chancellor's Special Fund, 161-0628 in A01-1010.

During these times of broad financial constraints, the Chancellor's Office has found a need to further rely on discretionary funds to support operational needs. This gift will be used carefully to help advance the University's mission and maintain our excellence in serving our students and residents of the state.

Thank you in advance for your consideration of this request.

Sincerely,


Rebecca M. Blank
Chancellor

cc: Michael Lehman

Approval of Increase in UW-Institutions'
Undergraduate, Graduate, and Professional Application Fees

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.k:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the proposed request to raise the undergraduate, graduate, and professional school fees for applications for admission received on or after September 1, 2016 for undergraduates and as early as July 1, 2016 for graduate and professional programs. The application fees are approved at the levels, 1) UW-Madison undergraduate, \$60; 2) UW-Madison Graduate School, \$75; 3) UW-Madison School of Pharmacy, \$75; 4) UW-Madison School of Medicine and Public Health, \$75; 5) UW-Madison School of Veterinary Medicine, \$60; 6) UW-Madison Law School, \$60; 7) all other UW institutions undergraduate, \$50.

PROPOSED UNDERGRADUATE, GRADUATE, AND PROFESSIONAL APPLICATION FEES

BACKGROUND

The 2015-17 biennial budget, Wis. Act 55, removed the statutorily defined application fees for each UW System institution. Current law, 36.11(3)(d) Wis. Stats., requires that each UW institution assess the same application fee to each group of students (undergraduate, graduate, and professional). The Application Fee and Common Application Committee, consisting of a group of seven Provosts from throughout the UW System, met to review nonresident application fees and application fee waivers. The group recommended that the undergraduate application fee be raised to \$50 for all UW institutions except UW-Madison as of September 1, 2016. The University of Wisconsin-Madison requests to raise its undergraduate application fee to \$60 as of September 1, 2016. UW-Madison has also requested changes to its' graduate and professional schools' application fees.

REQUESTED ACTION

Adoption of Resolution I.2.k.

DISCUSSION

UW-Madison

Regent policy requires each UW System campus to use a comprehensive review in evaluating applicants for admission. The costs of this comprehensive review and of finalizing an admission decision could be better supported by the application fee than is currently the case.

UW-Madison is also joining the Common Application, an undergraduate admission application that allows students to complete a single application for multiple universities and colleges. Currently, 625 schools – including a growing number of UW-Madison's peer institutions – are using the Common Application. UW-Madison officials indicate that participating in the Common Application will result in more applications to the university from top students.

UW-Madison's current undergraduate application fee is \$50. The most recent application fee increase of \$6 was in September 2015. UW-Madison's \$50 application fee does not sufficiently cover the new costs that will be created by joining the Common Application. The fee increase will cover the cost of processing additional applications and returning a portion of the fee to the Common Application organization. An application fee increase would further support the application evaluation process and the growing costs of implementing new processes in the

Office of Admissions and Recruitment. The remaining funding will be returned to the Admissions office for additional staffing assistance.

Approximately 35,000 freshman and transfer candidates applied for admission to UW-Madison during 2015-16 and paid the \$50 application fee. Using these figures, the \$10 fee increase would generate about \$350,000 in additional revenue. However, the additional revenue will be significantly reduced by applicants who elect to use the Common Application. For these students more than half of the \$10 increase will be used to pay for the use of the Common Application service. Even with an increase, UW-Madison's application fee would be the average of the Big Ten universities. UW-Madison has the authority to waive the application fee.

UW-Madison also requests changes to its graduate and professional schools application fees, as follows:

Graduate School

Proposed Fee:	\$75		Peer Mean:	\$75
Current Fee:	\$56		Peer Median:	\$73

School of Pharmacy

Proposed Fee:	\$75		Peer Mean:	\$68
Current Fee:	\$56		Peer Median:	\$75

School of Veterinary Medicine

Proposed Fee:	\$60		Peer Mean:	\$67
Current Fee:	\$56		Peer Median:	\$60

School of Medicine and Public Health

Proposed Fee:	\$75		Peer Mean:	\$77
Current Fee:	\$56		Peer Median:	\$80

Law School

Proposed Fee:	\$60		Peer Mean:	\$61
Current Fee:	\$56		Peer Median:	\$60

UW Comprehensives, UW-Milwaukee, and UW Colleges

The application fee for UW Comprehensives, UW-Milwaukee, and UW Colleges is currently \$44. The most recent application fee increase of \$8 was in September 2008. The \$44 fee was previously set by state statute. The 2015-17 biennial budget bill repealed the \$44 amount in s. 36.11(3)(d), Wis. Stats., and created new language, effective July 14, 2015, requiring each UW institution to charge a uniform application fee to each group of applicants (e.g., undergraduates).

The proposed increase to \$50 will support the comprehensive review in evaluating applicants for admission that is required by Regent policy. In the eight years since the last increase, application processing costs have continued to grow. Applicant processes include but are not limited to: I-20/visa processing; transfer credit evaluations; final transcript reviews; various new data

collection tasks; new, additional direct-entry school/college admissions review; and an expanded volume of communications to applicants and families.

Raising the application fee will better support the application evaluation process and the growing costs of implementing new processes in admissions offices.

Over 72,000 freshman and transfer candidates applied for admission to UW-Milwaukee, the UW Comprehensives and UW Colleges during 2015-16. Over 57,000 paid the \$44 application fee. Using these figures, a \$50 fee would generate an increase of approximately \$342,000. All UW institutions have the authority to waive the application fee.

RELATED REGENT POLICIES

N/A

Regent Policy Document Review: RPD 13-1, “General Contract
Signature Authority, Approval, and Reporting”

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached revised Regent Policy Document 13-1, “*General Contract Approval, Signature Authority and Reporting.*”

Regent Policy Document Review: RPD 13-2, “Real Property
Contracts: Signature Authority and Approval”

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached revised Regent Policy Document 13-2, “*Real Property Contracts: Signature Authority and Approval.*”

Regent Policy Document Review:
“Capital Projects Solely Managed by the
UW System: Approval and Signature Authority”

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached proposed Regent Policy Document to be titled “*Capital Projects Solely Managed by the UW System: Approval and Signature Authority.*”

REGENT POLICY DOCUMENT REVIEW CONTRACT SIGNATURE AUTHORITY

BACKGROUND

The UW System Board of Regents policies are codified in Regent Policy Documents (RPDs) that have been adopted over time, some dating back to the creation of the UW System. The Board has adopted these policies under the authority granted in Chapter 36 of the Wisconsin Statutes. The Regent Policy Documents address a wide array of subjects, including academic policies and programs, contracts, student activities, and trust and investment policies.

In February 2011, the President of the Board of Regents formally announced the beginning of a process to review and update the RPDs. This process has resulted in the updating and revision current policies, the eliminating obsolete ones, and the identification of areas in which new policies are needed. Each policy is analyzed in light of its original purpose, whether that purpose still exists, and the likely effects of any revisions.

The Office of the Board of Regents has developed a set of guiding principles to direct the analysis of the Regent Policy Documents. These principles include: consideration of the extent to which a policy establishes a fundamental principle, serves as an enduring statement, and provides broad and strategic statements that memorialize and communicate the Board's expectations for the UW System and/or UW institutions.

At its June 2016 meeting, the Business and Finance Committee will consider amending Regent Policy Documents 13-1, "General Contract Approval, Signature Authority, and Reporting," and 13-2, "Real Property and Construction Contract Signature Authority and Approval." In addition, a new Regent policy is proposed, establishing the process through which capital projects solely managed by the UW System are to be approved and implemented, including the contract signature authority for those projects.

REQUESTED ACTION

- Adoption of Resolution I.2.1.1 which amends Regent Policy Document 13-1, "General Contract Approval, Signature Authority, and Reporting."
- Adoption of Resolution I.2.1.2 which amends Regent Policy Document 13-2, "Real Property and Construction Contract Signature Authority and Approval," to be renamed "Real Property Contracts: Signature Authority and Approval."
- Adoption of Resolution I.2.1.3 which creates the Regent Policy Document titled, "Capital Projects Solely Managed by the UW System: Approval and Signature Authority."

DISCUSSION

The UW System President recommends the amendment of two Regent Policy Documents related to contract signature authority. Provided below is a brief description of each policy and the rationale behind the proposed changes. The amended Regent Policy Documents, highlighting changes to the existing policies, have been provided for the Board's review.

Also recommended is the creation of a new Regent Policy Document related to capital projects solely managed by the UW System. The reasons for adopting the new policy are summarized below. A copy of the new policy is provided for the Board's review.

The Board is asked to consider amending the following policies:

1. RPD 13-1, "General Contract Approval, Signature Authority, and Reporting"

RPD 13-1 describes the Board's general reservations and delegations of authority to approve and sign contracts, and the Board's expectations of those to whom authority is delegated. This policy was recently updated in December 2015; however, additional changes are proposed to clarify expectations and responsibilities, and to address the addition of a new Regent policy. Copies of the proposed changes are included as Appendices A and B.

The first proposed amendment clarifies current Regent practice and expectations with respect to the review of athletics personnel agreements. The amendment affirms that only athletics employment contracts where the total annual compensation is more than \$500,000 require prior review and approval by the Board.

The second change permits the review of grants from and contracts with private, profit-making organizations between \$500,000 and \$1 million to occur at an institution's legal affairs office. This amendment provides the option for campuses with designated legal affairs offices to review contracts within this range prior to execution. Currently, contracts within this range are reviewed by the UW System Office of General Counsel. Last, the revised language in this policy exempts real property and design and construction contracts from its scope, in accordance with other current or proposed policies.

2. RPD 13-2, “Real Property and Construction Contract Signature Authority and Approval” RPD 13-2 describes the Board’s reservations and delegations of authority to approve real property and construction contracts. As a result of statutory changes to the UW System’s authority to lease facilities and design and construct certain capital projects, updates to the policy are proposed to better align with these new flexibilities. Obsolete references to prior construction contract signature authority for gift- and grant-funded projects under \$500,000 were removed. The approval process and contract signature authority for projects solely managed by the UW System are in a new proposed policy, as described later in this executive summary. Due to these changes, RPD 13-2 is renamed, “Real Property Contracts: Signature Authority and Approval.” Copies of the current policy and the proposed changes are included as Appendices C and D.

Delegation

The revised RPD 13-2 continues to delegate signature authority for real property contracts to the UW System President and the Executive Director and Corporate Secretary of the Office of the Board of Regents. The policy continues to allow the President to delegate signature authority to other UW System Administration personnel. However, the amended policy now permits the President to delegate to Chancellors signature authority for certain leases and gifts, grants, and bequests of real property within the campus boundaries. Further delegation of signature authority is not permitted.

In addition to outlining authority delegated to the President and the Executive Director and Corporate Secretary of the Office of the Board of Regents, the policy also outlines circumstances where Board approval is required (for example, if the sale, acquisition, or exchange of real property affects the agricultural lands defined in s. 36.33, Wis. Stats.).

Exchanges of real property

RPD 13-2 currently permits the President and the Executive Director and Corporate Secretary of the Office of the Board of Regents to sign documents authorizing the exchange of real property within the campus boundaries. The revised policy authorizes the President and the Executive Director and Corporate Secretary of the Office of the Board of Regents to sign documents related to the exchange of real property when the value of the university property being exchanged is \$500,000 or less. The revised delegation aligns with similar authority provided to the Secretary of the State Building Commission to transfer surplus state buildings valued at \$500,000 or less.

Leasing

Under 2015 Wisconsin Act 55, the Board of Regents is now authorized to enter into leases for any real property, except for student housing leases effective after July 15, 2015 which the Department of Administration continues to manage. This policy revises the obsolete delegated authority regarding leasing. The UW System President and the Executive Director and Corporate Secretary of the Office of the Board of Regents are now delegated authority to sign leases when both of the following conditions apply:

- The initial terms of a lease are equal to or less than both \$1,000,000 in total cost and five years in length; and
- The renewal options included in a lease are equal to or less than both \$1,000,000 in total cost and five years in length.

The above thresholds were chosen after an analysis of existing leases managed by the UW System. The thresholds balance the need for appropriate Board oversight of potentially significant leases with the need to provide a degree of operational flexibility and efficiency. Under the recommended threshold, 10 of the 27 leases currently managed by the UW System would require Regent approval.

Notwithstanding this delegation, Board approval is still necessary when a lease would permit a privately owned or operated facility to be constructed on state-owned land or in other statutorily defined circumstances where Board approval remains appropriate. The President may delegate lease-signing authority to Chancellors, who would not be permitted to further delegate this authority. In order to ensure that the terms and conditions of a lease reflect the Board's interests, review by the UW System Office of General Counsel or an institution's legal affairs office is required prior to execution. The UW System Office of Capital Planning and Budget would report to the Board on any leasing activity below the threshold needed for Regent approval.

Last, the Board is asked to consider approval of a new Regent Policy Document:

RPD xx-xx, "Capital Projects Solely Managed by the UW System: Approval and Signature Authority"

This policy, included as Appendix E, is in response to the new capital project management authority provided to the Board of Regents under 2015 Wisconsin Act 55. Under the Act, the Board is authorized to solely manage, oversee, and let through single prime contracting construction, projects funded entirely by gifts and grants. This new authority replaces prior statutory language permitting the Board to oversee projects costing less than \$500,000 that were funded entirely through gifts and grants made to the UW System. This new policy established the approval process and contract signature authority related to projects solely managed by the UW System.

The policy contains two primary elements. First, the policy establishes that capital projects solely managed by the UW System that cost more than \$1,000,000 need to be approved by the Board at or before 25 percent of design being completed. Further approval from the Board is required if a project exceeds its previously authorized budget by ten percent or more or if the scope of a project materially alters. A Chancellor may approve a project of \$1,000,000 or less, subject to policies and procedures to be established by the President. The UW System Office of Capital Planning and Budget will report to the Board on a regular basis about projects costing \$1,000,000 or less.

Second, the policy outlines the Board of Regents' delegation to the President the authority to sign design and construction contracts for capital projects solely managed by the UW System. For projects costing more than \$1,000,000, the Board of Regents has to approve the project at or before 25 percent design completion prior to the President authorizing any work beyond that phase. The President is permitted to delegate signature authority to other senior UW System Administration personnel and Chancellors. The President shall also establish the parameters under which a Chancellor may delegate signature authority for specific documents that support the design and construction process, such as change orders.

RELEVANT REGENT POLICY DOCUMENTS

Regent Policy Document 6-3, "*Delegation of Authority to President for Personnel Actions*"

Regent Policy Document 13-1, "*General Contract Approval, Signature Authority, and Reporting*"

Regent Policy Document 13-2, "*Real Property and Construction Contract Signature Authority and Approval*"

Appendix A

Regent Policy Document 13-1 (*formerly Regent Policy Document 72-2*) **General Contract Approval, Signature Authority, and Reporting**

Scope

This policy addresses Board of Regents review and approval of contracts and official authorization to sign contracts on behalf of the Board of Regents of the University of Wisconsin System.

The policy applies to contracts that bind the Board of Regents and UW System institutions. These include, but are not limited to, grants, memorandums of understanding, certifications, releases, purchase orders, leases of personal property (not real property), and royalty agreements.

The policy does not apply to real property ~~and/or construction-related~~ contracts. Signature authority for those contracts is covered under Regent Policy Document 13-2, Real Property ~~and Construction Contract Contracts~~: Signature Authority and Approval.

This policy does not apply to design and construction contracts for capital projects solely managed by the UW System. Signature authority for those contracts is covered in Regent Policy Document xx-xx, *Capital Projects Solely Managed by the UW System: Approval and Signature Authority*.

This policy does not apply to purchase orders issued under delegated state purchasing authority. Signature authority for those contracts is covered in s. 16.71, Wis. Stats.

The policy does not apply to university trust accounts, which are subject to the terms and conditions of individual trust documents. Signature authority for these documents rests with the Trust Officer, Assistant Trust Officer, and Executive Director and Corporate Secretary of the Office of the Board of Regents of the University of Wisconsin System.

Purpose

The purpose of this policy is to ensure that the Board of Regents reviews certain high-dollar-amount contracts and that individuals signing contracts that bind the Board of Regents are duly authorized to sign on behalf of, commit, and represent the Board of Regents.

Policy Statement

Through this policy, the Board of Regents recognizes that the efficient operation of the UW System depends on the UW System's and UW institutions' ability to conduct business transactions in an efficient manner. Therefore, the Board of Regents need not directly approve all contracts, but rather, delegates contracting authority for most contracts to designated university officials.

Individuals authorized to sign contracts under this policy are expected to have the necessary information and expertise to fully understand the implications of making such commitments. In

addition, persons with this authority are expected to perform appropriate due diligence activities to ensure that any attendant liabilities are identified and can be effectively managed.

Delegation of Authority

The Board of Regents authorizes the Executive Director and Corporate Secretary of the Office of the Board of Regents and the President of the University of Wisconsin System to sign contracts that bind the Board of Regents and/or UW System institutions.

The Board of Regents further authorizes the President of the University of Wisconsin System to: (1) delegate contract signature authority to other UW System Administration officials deemed to have the requisite knowledge, judgment, and operational need to exercise such authority; and (2) delegate to the Chancellors of UW System institutions the authority to sign contracts related to programs or operations of their institutions. Chancellors may further delegate contract signature authority to other UW System institution employees deemed to have the requisite knowledge, judgment, and operational need to exercise such authority. All unclassified contracting personnel are subject to the conflict-of-interest reporting requirements of ch. UWS 8, Wis. Admin. Code.

The President's delegations must be made in writing and filed in the Office of the President of the University of Wisconsin System.

Chancellors' delegations must be made in writing, filed in the Office of the Chancellor, and reviewed periodically to ensure that delegations are current and employees are exercising their signature authority appropriately. Individuals should be delegated signature authority only for the specific documents, or types of documents, needed to allow them to efficiently and effectively perform the responsibilities of their positions.

Threshold for Formal Approval by the Board of Regents

Grants from and contracts with private, profit-making organizations with a value of between \$500,000 and \$1,000,000 must be reviewed by an institution's legal affairs office or the UW System Office of General Counsel prior to execution.

Grants from and contracts with private, profit-making organizations with a value of more than \$1,000,000, as well as athletics employment contracts where the total annual compensation is greater than \$500,000, require formal approval by the Board of Regents prior to execution. ~~athletics employment contracts with a value of more than \$500,000 require formal approval by the Board of Regents prior to execution.~~

Any other grants or contracts with a value of less than \$1,000,000 that, in the judgment of the President of the UW System, warrant Board review shall also be approved by the Board prior to execution.

An institution's Chief Business Officer should contact the UW System Office of Administration to request that contracts be presented for approval at the next meeting of the Board's Business and Finance Committee. Requests must be made well in advance of the desired effective date of a contract.

Reporting Requirements

A summary of extramural gifts, grants, and contracts will be reported quarterly to UW System Administration for presentation to the Business and Finance Committee of the Board of Regents. Other contracts and/or agreements need not be reported to the Board under this policy.

Oversight, Roles and Responsibilities

Delegation of signature authority allows considerable operational efficiency but requires appropriate oversight and on-going diligence to ensure that the interests of the university are best served.

In addition to oversight by the Chancellor's Office and Chief Business Officer, compliance with this policy and sound business practices will be assessed through periodic review by the UW System Office of Internal Audit.

Related RPDs and Applicable Laws

Regent Policy Document 6-3, *Delegation of Authority to President for Personnel Actions*
Regent Policy Document 13-2, *Real Property Contracts: Signature Authority and Approval*

Authorization to Sign Real Property and Construction Contracts

Regent Policy Document xx-xx, Capital Projects Solely Managed by the UW System: Approval and Signature Authority

Section 36.11(55), Wis. Stats., *Review of System Contracts with Research Companies*

Section 946.13, Wis. Stats., *Private interest in public contract prohibited*

Section 16.71(1m), Wis. Stats., *Purchasing; powers*

Section 16.71(4), Wis. Stats., *Purchasing; powers*

History

Res. 92, adopted 02/11/1972, created Regent Policy Document 72-2; Res. 965, adopted 03/07/1975, rescinded 72-2 and created Regent Policy Document 75-2; Res. 2791, adopted 04/08/1983, rescinded 75-2 and created Regent Policy Document 83-2; Res. 5945, adopted 11/08/1991, rescinded 83-2 and created Regent Policy Document 91-10; Res. 6042, adopted 03/06/1992, rescinded 91-10 and created Regent Policy Document 92-2; Res. 6314, adopted 02/05/1993, rescinded 92-2 and created Regent Policy Document 93-1; Res. 7548, adopted 09/05/1997, amended Regent Policy Document 93-1; Res. 7844, adopted 02/05/1999, amended Regent Policy Document 93-1; Res. 8074, adopted 02/11/2000, amended Regent Policy Document 93-1; Res. 8875, adopted 06/11/2004, amended Regent Policy Document 93-1; subsequently renumbered 13-3.

*Res. 7308, adopted 10/11/1996, created Regent Policy Document 96-5; Res. 8876, adopted 06/10/2004, amended Regent Policy Document 96-5; subsequently renumbered 13-4.
Res. 10014, adopted 02/10/2012, repealed Regent Policy Documents 13-3 and 13-4, and amended and consolidated the contents under a renumbered Regent Policy Document 13-1. Res. 10604, adopted 12/11/2015, amended and renamed "Regent Policy Document 13-1, General Contract Approval, Signature Authority, and Reporting."*

Appendix B

Regent Policy Document 13-1 (*formerly Regent Policy Document 72-2*)

General Contract Approval, Signature Authority, and Reporting

SCOPE

This policy addresses Board of Regents review and approval of contracts and official authorization to sign contracts on behalf of the Board of Regents of the University of Wisconsin System.

The policy applies to contracts that bind the Board of Regents and UW System institutions. These include, but are not limited to, grants, memorandums of understanding, certifications, releases, purchase orders, leases of personal property (not real property), and royalty agreements.

The policy does not apply to real property - contracts. Signature authority for those contracts is covered under Regent Policy Document 13-2, Real Property Contracts: Signature Authority and Approval.

This policy does not apply to design and construction contracts for capital projects solely managed by the UW System. Signature authority for those contracts is covered in Regent Policy Document xx-xx, *Capital Projects Solely Managed by the UW System: Approval and Signature Authority*.

This policy does not apply to purchase orders issued under delegated state purchasing authority. Signature authority for those contracts is covered in s. 16.71, Wis. Stats.

The policy does not apply to university trust accounts, which are subject to the terms and conditions of individual trust documents. Signature authority for these documents rests with the Trust Officer, Assistant Trust Officer, and Executive Director and Corporate Secretary of the Office of the Board of Regents of the University of Wisconsin System.

PURPOSE

The purpose of this policy is to ensure that the Board of Regents reviews certain high-dollar-amount contracts and that individuals signing contracts that bind the Board of Regents are duly authorized to sign on behalf of, commit, and represent the Board of Regents.

POLICY STATEMENT

Through this policy, the Board of Regents recognizes that the efficient operation of the UW System depends on the UW System's and UW institutions' ability to conduct business transactions in an efficient manner. Therefore, the Board of Regents need not directly approve all contracts, but rather, delegates contracting authority for most contracts to designated university officials.

Individuals authorized to sign contracts under this policy are expected to have the necessary information and expertise to fully understand the implications of making such commitments. In addition, persons with this authority are expected to perform appropriate due diligence activities to ensure that any attendant liabilities are identified and can be effectively managed.

Delegation of Authority

The Board of Regents authorizes the Executive Director and Corporate Secretary of the Office of the Board of Regents and the President of the University of Wisconsin System to sign contracts that bind the Board of Regents and/or UW System institutions.

The Board of Regents further authorizes the President of the University of Wisconsin System to: (1) delegate contract signature authority to other UW System Administration officials deemed to have the requisite knowledge, judgment, and operational need to exercise such authority; and (2) delegate to the Chancellors of UW System institutions the authority to sign contracts related to programs or operations of their institutions. Chancellors may further delegate contract signature authority to other UW System institution employees deemed to have the requisite knowledge, judgment, and operational need to exercise such authority. All unclassified contracting personnel are subject to the conflict-of-interest reporting requirements of ch. UWS 8, Wis. Admin. Code.

The President's delegations must be made in writing and filed in the Office of the President of the University of Wisconsin System.

Chancellors' delegations must be made in writing, filed in the Office of the Chancellor, and reviewed periodically to ensure that delegations are current and employees are exercising their signature authority appropriately. Individuals should be delegated signature authority only for the specific documents, or types of documents, needed to allow them to efficiently and effectively perform the responsibilities of their positions.

Threshold for Formal Approval by the Board of Regents

Grants from and contracts with private, profit-making organizations with a value of between \$500,000 and \$1,000,000 must be reviewed by an institution's legal affairs office or the UW System Office of General Counsel prior to execution.

Grants from and contracts with private, profit-making organizations with a value of more than \$1,000,000, as well as athletics employment contracts where the total annual compensation is greater than \$500,000, require formal approval by the Board of Regents prior to execution. Any other grants or contracts with a value of less than \$1,000,000 that, in the judgment of the President of the UW System, warrant Board review shall also be approved by the Board prior to execution.

An institution's Chief Business Officer should contact the UW System Office of Administration to request that contracts be presented for approval at the next meeting of the Board's Business and Finance Committee. Requests must be made well in advance of the desired effective date of a contract.

Reporting Requirements

A summary of extramural gifts, grants, and contracts will be reported quarterly to UW System Administration for presentation to the Business and Finance Committee of the Board of Regents. Other contracts and/or agreements need not be reported to the Board under this policy.

OVERSIGHT, ROLES, AND RESPONSIBILITIES

Delegation of signature authority allows considerable operational efficiency but requires appropriate oversight and on-going diligence to ensure that the interests of the university are best served.

In addition to oversight by the Chancellor's Office and Chief Business Officer, compliance with this policy and sound business practices will be assessed through periodic review by the UW System Office of Internal Audit.

RELATED RPDS AND APPLICABLE LAWS

Regent Policy Document 6-3, *Delegation of Authority to President for Personnel Actions*

Regent Policy Document 13-2, *Real Property Contracts: Signature Authority and Approval*

Regent Policy Document xx-xx, *Capital Projects Solely Managed by the UW System: Approval and Signature Authority*

Section 36.11(55), Wis. Stats., *Review of System Contracts with Research Companies*

Section 946.13, Wis. Stats., *Private interest in public contract prohibited*

Section 16.71(1m), Wis. Stats., *Purchasing; powers*

Section 16.71(4), Wis. Stats., *Purchasing; powers*

HISTORY

Res. 92, adopted 02/11/1972, created Regent Policy Document 72-2; Res. 965, adopted 03/07/1975, rescinded 72-2 and created Regent Policy Document 75-2; Res. 2791, adopted 04/08/1983, rescinded 75-2 and created Regent Policy Document 83-2; Res. 5945, adopted 11/08/1991, rescinded 83-2 and created Regent Policy Document 91-10; Res. 6042, adopted 03/06/1992, rescinded 91-10 and created Regent Policy Document 92-2; Res. 6314, adopted 02/05/1993, rescinded 92-2 and created Regent Policy Document 93-1; Res. 7548, adopted 09/05/1997, amended Regent Policy Document 93-1; Res. 7844, adopted 02/05/1999, amended Regent Policy Document 93-1; Res. 8074, adopted 02/11/2000, amended Regent Policy Document 93-1; Res. 8875, adopted 06/11/2004, amended Regent Policy Document 93-1; subsequently renumbered 13-3.

Res. 7308, adopted 10/11/1996, created Regent Policy Document 96-5; Res. 8876, adopted 06/10/2004, amended Regent Policy Document 96-5; subsequently renumbered 13-4.

Res. 10014, adopted 02/10/2012, repealed Regent Policy Documents 13-3 and 13-4, and amended and consolidated the contents under a renumbered Regent Policy Document 13-1. Res. 10604, adopted 12/11/2015, amended and renamed "Regent Policy Document 13-1, General Contract Approval, Signature Authority, and Reporting."



Board of Regents POLICIES

Regent Policy Document 13-2 Real Property and Construction Contract Signature Authority and Approval

Scope

This policy addresses official authorization to sign real property and construction-related contracts on behalf of the Board of Regents of the University of Wisconsin System.

The policy applies to all documents related to conveyances of real property or other real property transactions including, but not limited to, purchases, sales, trades, and gifts of real property; easements; and leases of real property to be occupied by the Board.

The policy also applies to all construction-related contracts and change orders within the budgets that have been specifically approved by the Board of Regents and the State Building Commission.

The policy does not apply to contracts not affecting real property. Signature authority for those contracts is covered in Regent Policy Document 13-1, *General Contract Signature Authority, Approval, and Reporting Requirements*.

Purpose

The purpose of this policy is to ensure that individuals signing real property and construction-related contracts that bind the Board of Regents of the UW System and UW System institutions are duly authorized to sign on behalf of, commit, and represent the Board of Regents.

Policy Statement

Through this policy, the Board of Regents recognizes that the efficient operation of the UW System depends on the UW System's and UW institutions' ability to conduct business transactions in an efficient manner. Therefore, the Board of Regents delegates certain contracting authority and other responsibilities to designated university officials.

Individuals authorized to sign contracts under this policy are expected to have the necessary information and expertise to fully understand the implications of making such commitments. In addition, persons with this authority are expected to perform appropriate due diligence activities to ensure that any attendant liabilities are identified and can be effectively managed.

Delegation of Authority – Real Property Transactions

The Board of Regents authorizes the Secretary of Board of Regents and the President of the University of Wisconsin System to sign real property-related contracts that bind the Board of Regents and/or UW System institutions:

In addition, the Board of Regents delegates to the President of the University of Wisconsin System the following responsibilities:

1. Authority to approve land transactions within the campus boundaries, including purchases, trades, gifts, and the sale of lands that have been declared surplus by the Board of Regents.
2. Authority to negotiate and pay all assessable improvements charges levied by municipalities. For charges over \$50,000, this authority is subject to the provisions of ss. 66.0703(6) and 66.0705(2),

Wis. Stats.

3. Authority to undertake leases of real property to be occupied by the Board, subject to State Department of Administration approval under ss. 16.84(5) and 36.11(1)(b), Wis. Stats.

The Board of Regents further authorizes the President of the University of Wisconsin System to delegate these responsibilities to other UW System Administration officials deemed to have the requisite knowledge, judgment, and operational need to exercise such authority. Any such delegations must be made in writing, filed in the Office of the President of the University of Wisconsin System and be reviewed periodically by the UW System Office of Operations Review and Audit to ensure that named individuals are current employees and are exercising their authority appropriately. Individuals should be delegated signature authority only for the specific documents, or types of documents needed to allow them to efficiently and effectively perform the responsibilities of their position.

Delegation of Authority – Construction Contract Activity

All construction contract activity, except as noted below, is initiated and managed by the State Department of Administration Division of State Facilities. Signature authority for these contracts rests with that agency.

Exception: Projects under \$500,000 which are funded entirely with the proceeds of gifts or grants made to the UW System are treated differently. Contract signature authority for these projects rests with the UW System President or his/her designee or the Chancellor or his/her designee of the institution at which the project is located, if the project has been delegated.

Items Requiring Formal Approval by the Board of Regents

1. All sales, trades, purchases, and gifts of real property which affect the boundaries of a campus require the review and approval of the Board of Regents. Approval of the State Building Commission is also required for all sales and purchases of real property, pursuant to s. 36.11(1)(b), Wis. Stats.
2. Gifts, grants, or bequests of real property with a value in excess of \$150,000 or any gift, grant or bequest of a building or structure that is constructed for the benefit of the system or any institution thereof require the approval of the State Building Commission pursuant to s.13.48(2)(b)(1m), Wis. Stats.
3. All capital construction projects require the review and approval of the Board of Regents and the State Building Commission.
4. Leases which would permit a facility that would be privately owned or operated to be constructed on state-owned land require approval of the Board of Regents and the State Building Commission under s. 13.48(12), Wis. Stats.

Oversight, Roles, and Responsibilities

The delegation of signature authority and other responsibilities set forth above allows considerable operational efficiency, but requires appropriate oversight and on-going diligence to ensure that the interests of the University are best served through the approaches implemented.

In addition to oversight by the Office of the President, compliance with this policy and sound business practices will be assessed through periodic review by the UW System Office of Operations Review and Audit.

Related RPDs and Applicable Laws

Regent Policy Document 13-1, *General Contract Signature Authority, Approval, and Reporting Requirements*
 Section 13.48, Wis. Stats., *Long-range public building program*
 Section 16.84(5), Wis. Stats., *Real estate and physical plant management; protection of persons*
 Section 36.11(1), Wis. Stats., *Protection of People; Custody and Management of Property*
 Section 36.11(55), Wis. Stats., *Review of System Contracts with Research Companies*
 Section 946.13, Wis. Stats., *Private interest in public contract prohibited*

History: RPD 13-2 renumbered and created by Res. 10015 (2/10/2012), replaces: (1) RPD 13-1 (formerly 72-2) created by Res. 91 (2/11/1972); (2) RPD 13-3 (formerly 93-1) created by Res. 8875 (6/10/2004) which amended Res. 8074 (2/10/2000), which rescinded Res. 7844 (2/5/1999), which rescinded Res. 7548 (9/5/1997), which rescinded 6314 (2/5/1993), which rescinded 6042 and RPD 92-2 (3/6/1992), which

rescinded Res. 5945 and RPD 91-10 (11/8/1991), which rescinded Res. 2791 (4/8/1983) and RPD 83-2, which rescinded Res. 965 (3/7/1975) and RPD 75-2, which rescinded Res. 92 and RPD 72-2(a) (2/11/1972); (3) RPD 13-4 (formerly 96-5) created by Res. 8876 (6/10/2004) which amended Res. 7308 (10/11/1996); and (4) RPD 19-13 (formerly 94-3) created by Res. 6633 (3/11/1994).

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REGENT POLICY DOCUMENT 13-2 (formerly Regent Policy Document 93-1)
REAL PROPERTY CONTRACTS: SIGNATURE AUTHORITY AND APPROVAL

Scope

This policy addresses official authorization to sign real property contracts on behalf of the Board of Regents of the University of Wisconsin System.

The policy applies to all documents related to conveyances of real property or other real property transactions including, but not limited to, purchases, sales, exchanges, and gifts of real property; easements; and leases of real property to be occupied or owned by the Board.

Signature authority for contracts not related to real property or construction is outlined in Regent Policy Document 13-1, *General Contract Signature Authority, Approval, and Reporting Requirements*.

Signature authority for construction-related contracts is outlined in Regent Policy Document xx-x, *Capital Projects Solely Managed by the UW System: Approval and Signature Authority*.

Purpose

The purpose of this policy is to ensure that individuals signing real property contracts that bind the Board of Regents and UW System institutions are duly authorized to sign on behalf of, commit, and represent the Board of Regents. The policy also establishes certain thresholds and areas where approval from the Board of Regents is required. Last, the policy implements statutory authority provided to the Board of Regents for real property transactions.

Policy Statement

Through this policy, the Board of Regents recognizes that the efficient operation of the UW System depends on the UW System's and UW institutions' ability to conduct business transactions in an efficient manner. Therefore, the Board of Regents delegates certain contracting authority and other responsibilities to designated university officials.

Individuals authorized to sign contracts under this policy are expected to have the necessary information and expertise to fully understand the implications of making such commitments. In addition, persons with this authority are expected to perform appropriate due diligence activities to ensure that any attendant liabilities are identified and can be effectively managed.

The Board of Regents authorizes the Executive Director and Corporate Secretary of the Office of the Board of Regents and the President of the University of Wisconsin System to sign real property-related contracts that bind the Board of Regents and/or UW System institutions.

The UW System President may delegate responsibility to other senior UW System Administration officials. The UW System President may delegate responsibility to Chancellors as specified in sections 4 and 5 of this policy. No further delegation of authority is permitted.

Any delegation should only be provided to individuals deemed to have the requisite knowledge, judgment, and operational need to exercise such authority. Individuals should be delegated signature authority only for the specific documents, or types of documents, needed to allow them to efficiently and effectively perform the responsibilities of their position.

While delegating certain authority, the Board of Regents also establishes circumstances where approval from the Board of Regents is required for the Board to exercise its governance and stewardship responsibilities with respect to real property transactions.

1. Sale of Real Property

The Board of Regents authorizes either the Executive Director and Corporate Secretary of the Office of the Board of Regents or the UW System President to sign documents related to the sale of real property within the campus boundaries that has previously been identified as underutilized, per s. 13.48 (14)(d), Wis. Stats.

The Board of Regents shall vote to approve a proposed sale of real property that:

- Is outside of or would alter the campus boundaries
- Has not been previously identified as underutilized per s. 13.48 (14)(d), Wis. Stats.;
- Involves agricultural land under s. 36.33, Wis. Stats.; or
- Is a state-owned residence hall being sold to another state agency or nonstate nonprofit agency for purposes of alternate use. Such a transaction would require State Building Commission approval under s. 36.11 (1)(e), Wis. Stats.

2. Acquisition of Real Property

The Board of Regents authorizes either the Executive Director and Corporate Secretary of the Office of the Board of Regents or the UW System President to sign documents related to the acquisition of real property within the campus boundaries. All real property acquisitions, except for agricultural land defined under s. 36.33, Wis. Stats., require State Building Commission approval, per s. 36.11 (1)(b), Wis. Stats..

The Board of Regents shall vote to approve a proposed acquisition of real property that:

- Is outside of or would alter the campus boundaries; or
- Involves agricultural land under s. 36.33, Wis. Stats.

3. Exchange of Real Property

The Board of Regents authorizes either the Executive Director and Corporate Secretary of the Office of the Board of Regents or the UW System President to sign documents related to the exchange of real property where the value of the university property being exchanged is \$500,000 or less.

The Board of Regents shall vote to approve a proposed exchange of real property that involves:

- University property valued at more than \$500,000; or
- Agricultural land under s. 36.33, Wis. Stats.

4. Leasing of Real Property

The Board of Regents authorizes either the Executive Director and Corporate Secretary of the Office of the Board of Regents or the UW System President to sign leases of real property to be occupied by the Board when the following applies:

- The initial terms of a lease are equal to or less than both \$1,000,000 in total cost and five years in length; and
- The renewal options included in a lease are equal to or less than both \$1,000,000 in total cost and five years in length.

The UW System President is permitted to delegate this signature authority to Chancellors. Any exercise of delegated signature authority under this subsection requires review by an institution's legal affairs office or the UW System Office of General Counsel prior to execution of a lease. Any delegation of authority to sign leases of real property is subject to ss. 16.84 (5) and 36.11 (1)(b), Wis. Stats., to the extent that the Department of Administration is responsible for student housing leases coming into effect after July 15, 2015.

The UW System Office of Capital Planning and Budget shall provide a regular report to the Board on all leases not subject to Regent approval.

The Board of Regents shall vote to approve a proposed lease when:

- The initial terms of a lease exceed either \$1,000,000 in total cost or five years in length;
- The renewal options included in a lease exceed either \$1,000,000 in total cost or five years in length;
- A lease would permit a facility that would be privately owned or operated to be constructed on state-owned land. Such leases also require approval from the State Building Commission under s. 13.48(12), Wis. Stats.;
- A lease would affect agricultural lands covered under s. 36.33, Wis. Stats.; or
- A state-owned residence hall is leased to another state agency or nonstate nonprofit agency for purposes of alternate use. Such a transaction would require State Building Commission approval under s. 36.11 (1)(e), Wis. Stats..

5. Gifts, Grants and Bequests

The Board of Regents authorizes either the Executive Director and Corporate Secretary of the Office of the Board of Regents or the UW System President to sign documents related to the acceptance of gifts, grants, and bequests of real property within the campus boundaries that are below the threshold at which State Building Commission approval is required to accept such items, as outlined in s.13.48 (2)(b)(1m), Wis. Stats.. The UW System President may delegate this signature authority to Chancellors. No further delegation is permitted.

The Board of Regents shall vote to approve a gift, grant, or bequest of real property that:

- Is outside of or would alter the campus boundaries;
- would meet or exceed the threshold at which State Building Commission approval must be obtained to accept such items, as outlined in s.13.48(2)(b)(1m), Wis. Stats.; or
- Is for a building or structure constructed for the benefit of the UW System or any institution. Such a transaction also requires approval from the State Building Commission.

6. Other Real Property Transactions

The Board of Regents authorizes either the Executive Director and Corporate Secretary of the Office of the Board of Regents or the UW System President to sign documents related to other real property transactions not specified by this policy.

Oversight, Roles, and Responsibilities

Delegations made by the UW System President under this policy must be made in writing and filed in the Office of the President. Delegations shall be periodically reviewed to ensure that they are current and that employees are exercising their signature authority appropriately.

Related RPDs and Applicable Laws

Regent Policy Document 13-1, *“General Contract Signature Authority, Approval, and Reporting Requirements”*

Regent Policy Document xx-x, *“Capital Projects Solely Managed by the UW System: Approval and Signature Authority”*

s. 13.48, Wis. Stats., *Long-range public building program*

s. 16.84(5), Wis. Stats., *Real estate and physical plant management; protection of persons*

s. 36.11(1), Wis. Stats., *Protection of People; Custody and Management of Property*

s. 36.11(55), Wis. Stats., *Review of System Contracts with Research Companies*

s. 946.13, Wis. Stats., *Private interest in public contract prohibited*

History

RPD 13-2, renumbered and created by Res. 10015 (2/10/2012), replaces: (1) RPD 13-1

(formerly 72-2) created by Res. 91 (2/11/1972); (2) RPD 13-3 (formerly 93-1) created by Res. 8875 (6/10/2004) which amended Res. 8074 (2/10/2000), which rescinded Res. 7844 (2/5/1999), which rescinded Res. 7548 (9/5/1997), which rescinded 6314 (2/5/1993), which rescinded 6042 and RPD 92-2 (3/6/1992), which rescinded Res. 5945 and RPD 91-10 (11/8/1991), which rescinded Res. 2791 (4/8/1983) and RPD 83-2, which rescinded Res. 965 (3/7/1975) and RPD 75-2, which rescinded Res. 92 and RPD 72-2(a) (2/11/1972); (3) RPD 13-4 (formerly 96-5) created by Res. 8876 (6/10/2004) which amended Res. 7308 (10/11/1996); and (4) RPD 19-13 (formerly 94-3) created by Res. 6633 (3/11/1994).

**REGENT POLICY DOCUMENT
XX-YY CAPITAL PROJECTS SOLELY MANAGED BY THE UW SYSTEM:
APPROVAL AND SIGNATURE AUTHORITY**

Scope

This policy outlines both the approval process and authorization necessary to sign contracts related to construction projects solely managed by the UW System on behalf of the Board of Regents.

General signature authority for contracts not related to real property or construction is outlined in Regent Policy Document 13-1, *General Contract Signature Authority, Approval, and Reporting Requirements*.

Signature authority for real-property contracts is outlined in Regent Policy Document 13-2, *Real Property Contracts: Signature Authority and Approval*.

Purpose

The purpose of this policy is to establish that Board of Regents approval is required for all capital projects that the UW System solely manages costing more than \$1,000,000. The policy also delegates authority to sign contracts associated with these projects.

Policy Statement

It is the policy of the Board of Regents to ensure that capital projects solely managed by the UW System deliver high-quality, timely and cost-efficient outcomes. Through this policy, the Board of Regents exercises its stewardship and oversight responsibilities over such capital projects on the lands under its control.

Additionally, the execution of design and contracts related to such projects is delegated to ensure efficiency and accountability in the management and administration. Those signing design and construction contracts binding the Board of Regents are expected to have the requisite level of judgment and expertise to represent the Board.

Capital Project Approval

Section 16.855(12m), Wis. Stats allows the Board of Regents to let and supervise UW System capital projects funded entirely through gifts and grants if such projects are bid using single prime contracting.

Board of Regents approval is required for any capital project solely managed by the UW System that costs more than \$1,000,000. Approval by the Board shall be sought at or before 25 percent of design being completed. Additional Board approval shall be required if:

- a project exceeds the estimated budget previously authorized by the Board by 10 percent or more; or
- the scope of a project is materially altered from when authorization was initially provided by the Board.

Projects of \$1,000,000 or less may be approved by a Chancellor, subject to policies and procedures governing capital projects solely managed by the UW System, which shall be established by the UW System President. The Board of Regents shall receive regular reports on capital projects that are solely managed by the UW System costing \$1,000,000 or less from the UW System Office of Capital Planning and Budget.

Design & Construction Contract Signature Authority

The Board of Regents delegates to the UW System President the authority to execute design and construction contracts for capital projects solely managed by the UW System. For projects costing more than \$1,000,000, the UW System President may not authorize design and construction work beyond the 25 percent design completion phase without obtaining Board approval for the project.

The UW System President may delegate signature authority under this policy to other UW System Administration senior officials and Chancellors. The President shall establish the conditions under which a Chancellor may delegate signature authority for specific documents supporting the design and construction process. Any delegation made by the President must be made in writing and filed in the Office of the President.

Oversight, Roles, and Responsibilities

The Office of the President is responsible for maintaining a current list of delegations made under this policy and for ensuring appropriate levels of oversight are maintained over the use of any design and construction contract signature authority.

The Office of Capital Planning and Budget shall assist the President in developing and maintaining policies and procedures for overseeing capital projects solely managed by the UW System.

Related Regent Policies and Applicable Laws

Regent Policy Document 13-1, *General Contract Signature Authority, Approval, and Reporting Requirements*

Regent Policy Document 13-2, *Real Property Contracts: Signature Authority and Approval*
s. 16.855 (12m), Wis. Stats., *Construction Project Contracts*

History

Res. xxxx, adopted xx/xx/xxxx, created Regent Policy Document xx-xx

Amendments to the Integration Agreement Between
UW Hospital and the UW Medical Foundation

BUSINESS AND FINANCE COMMITTEE

Resolution:

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 amendments to the Integration Agreement between UW Hospital and the UW Medical Foundation.

06/10/2016

Agenda Item I.2.m.

**REPORT ON THE PROGRESS OF THE INTEGRATION
AND AMENDMENTS TO THE INTEGRATION AGREEMENT BETWEEN
THE UW HOSPITAL AND THE UW MEDICAL FOUNDATION**

**EXECUTIVE SUMMARY
PREPARED BY UW-MADISON**

BACKGROUND

At its June 2015 meeting, the Board of Regents approved the Integration Agreement which proposed the incorporation of UW Medical Foundation (UWMF) into the UW Hospitals and Clinics Authority (UWHCA) through a single member substitution transaction. During the discussion at that meeting, interest was expressed in receiving a follow up summary after the first year of the process was completed. This report summarizes key aspects of the integration process to date.

The UWHCA and the School of Medicine and Public Health (SMPH) finalized the details for combining the various streams of support from the UWHCA and the UWMF that had developed over two decades. A variety of commitments were integrated into a simplified agreement, which required modifications of certain categories of support in the Integration Agreement and the Annual Academic Advancement (AAA) agreement between UWMF and the SMPH. These modifications, summarized below, were unanimously approved by the UWHCA Board at its April meeting, and the SMPH now requests approval from the Board of Regents.

REQUESTED ACTION

Approval of resolution I.2.m.

DISCUSSION

Highlights of the First Year of Integration

Integration officially “went live” on July 1, 2015. A series of communications and events were launched explaining what this means, starting with our internal constituents and then extending out to external parties. Special emphasis was placed on listening and responding to any concerns expressed by our employees. Combined retreats were scheduled for UWHCA and UWMF boards.

Jeffrey Grossman, MD, the former President and CEO of UWMF, accepted an invitation to serve as the interim UW Health CEO. A national search for the inaugural permanent CEO of the

integrated health system was launched in July, with an ambitious timeline of having the new leader in place before the end of the fiscal year. Members of the UWHCA and UWMF boards, including the Regent representatives on the UWHCA board, participated in the final phases of the search process. Dr. Alan Kaplan, former Executive Vice President and Chief Clinical Transformation Officer for UnityPoint Health and President/CEO of UnityPoint Clinic, accepted our offer and began his service on May 2, 2016.

A new leadership structure has been created and launched which brings together administrative leaders from the health system (including what had been “hospital” and “practice plan” executives) and the clinical departments in a single Senior Leadership Council. The reporting structure for senior executives has been revised without significant turnover in executive ranks. Nursing leadership has a more significant role. Clinical, financial, strategic planning, IT, facility, and HR functions are now largely integrated.

Our vision of a more effective and efficient point of leadership contact for current and potential new partnerships has become a reality. The incorporation of SwedishAmerican Health System into UW Health is making excellent progress. Successful discussions and negotiations led to the recent merger of UW Health’s insurance plan, Unity, with the Gundersen Health Plan. UW Health - ProHealth Cancer Center opened in Pewaukee. Other discussions with potential new partners are active (under NDA) and clearly are less cumbersome and complicated with the new single administrative leadership structure.

Amendments to the AAA and Integration Agreements

The table below summarizes the amendments that were unanimously approved by the Authority Board on April 21, 2016.

Category	Current	Proposed
Annual Support	Medical School \$31,940,280	Amend Integration Agreement to aggregate annual support as UW Health Support, and increase such support by 2%/year. The amount will be adjusted every 3 years upon mutual agreement of the Dean and Authority CEO in line with growth or contraction of UW Health revenue. Subject to circuit breaker: If payment will, or is reasonably likely to, cause UW Health to default on debt covenants, then the
	Development Fund (UWMF) \$6,600,000	
	UW Health Support (UWMF and UWHC) \$200,000	
	<u>\$200,000</u>	
	Library Support (UWHC) \$38,940,280	
	Health Innovations (UWMF)	
	Total	

Category	Current	Proposed
		Medical School and the Clinical Enterprise will negotiate appropriate modifications.
Institute for Clinical and Translational Research (ICTR)	Annual funding (UWMF) \$2,600,000	Continued support from UW Health as long as underlying NIH grant is in effect (with bridge provision if Authority CEO determines discontinuance of grant to be temporary).
Variable Support from \$90M of UWMF Funds	Integration Agreement provided for new variable annual support of up to \$9M/year (up to \$90M total), subject to: <ul style="list-style-type: none"> Clinical Enterprise earnings threshold (\$9M payable if Enterprise has operating margin of 4% after making payments) <ul style="list-style-type: none"> Likely to be achieved Clinical Enterprise days cash on hand (DCOH) threshold (\$9M payable if Enterprise has DCOH of 180 days after making payments) <ul style="list-style-type: none"> Likely to fail 	Amend Integration Agreement to convert variable support to fixed support of \$13M/year not based on UW Health performance, with an increase of 2%/year. Subject to same circuit breaker described above.
Academic Portion of Support Under AAA	Annual payments the past three years of \$20.8M, \$7.3M and \$14.4M, respectively, for <u>Academic</u> portion. Additional ~\$38M paid for <u>Departmental</u> and <u>Special Project</u> Funds.	Amend AAA to remove Academic portion as part of conversion to fixed annual support above. <u>Departmental</u> and <u>Special Project</u> portions of AAA stay intact until new funds flow model is in place.

RELATED REGENT POLICIES

None.

QUARTERLY REPORT OF GIFTS, GRANTS, AND CONTRACTS JULY 1, 2015 THROUGH MARCH 31, 2016

BACKGROUND

Regent Policy Document 13-1: General Contract Approval, Signature Authority, and Reporting, requires that a summary of extramural gifts, grants, and contracts be reported quarterly to the Vice President for Finance for presentation to the Business and Finance Committee of the Board of Regents. The attached report is intended to meet that requirement.

The policy further directs that grants from and contracts with private, profit-making organizations with a value of more than \$1,000,000, as well as athletics employment contracts with a value of more than \$500,000, require formal approval by the Board of Regents prior to execution. In addition, any contract with a value of less than \$1,000,000 that, in the judgment of the President of the UW System, warrants direct Board approval shall also be approved by the Board prior to execution. Grants and contracts covered by these requirements are included in the quarterly reports upon execution and are also presented individually to the Business and Finance Committee of the Board of Regents.

The policy also requires that grants from and contracts with private, profit-making organizations with a value between \$500,000 and \$1,000,000 be reviewed by the UW System Office of General Counsel prior to execution.

REQUESTED ACTION

No action is required; this item is for information only.

DISCUSSION

Attached is a summary report of gifts, grants, and contracts awarded to University of Wisconsin System institutions in the nine-month period July 1, 2015, through March 31, 2016. Total gifts, grants, and contracts for the period were approximately \$1.120 million; this is an increase of \$45.3 million from the same period in the prior year. Federal awards increased \$42.3 million, while non-federal awards increased by \$3.0 million.

Note that these reports have been restructured for fiscal year 2015-16 to better highlight activity in each of the award areas (e.g., Research and Public Service, Instruction, Student Aid, etc.).

RELATED REGENT POLICIES

Regent Policy Document 13-1: General Contract Approval, Signature Authority, and Reporting.

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED
FISCAL YEAR 2015-2016 (Third Quarter)**

Agenda Item I.2.n.

Institution	TOTAL - ALL CATEGORIES								
	Fiscal Year 2015-16	Total Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Federal Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Non-Federal Fiscal Year 2014-15	Increase (Decrease)
Total	1,120,066,976	1,074,731,041	45,335,935	707,481,960	665,157,276	42,324,684	412,585,016	409,573,765	3,011,251
Madison	855,136,416	787,621,126	67,515,289	495,025,141	430,866,916	64,158,225	360,111,275	356,754,211	3,357,064
Milwaukee	70,603,275	85,421,196	(14,817,921)	60,402,692	72,440,251	(12,037,560)	10,200,583	12,980,944	(2,780,361)
Eau Claire	15,049,446	14,801,807	247,639	14,461,209	14,494,779	(33,570)	588,237	307,028	281,209
Green Bay	8,637,518	8,368,372	269,147	6,328,479	6,749,696	(421,217)	2,309,040	1,618,676	690,364
La Crosse	11,726,812	12,861,832	(1,135,020)	10,762,457	12,157,126	(1,394,669)	964,355	704,706	259,649
Oshkosh	17,399,120	23,569,017	(6,169,896)	15,157,912	21,523,499	(6,365,586)	2,241,208	2,045,518	195,690
Parkside	9,610,587	9,948,204	(337,617)	8,543,742	8,889,841	(346,099)	1,066,845	1,058,363	8,482
Platteville	9,716,436	8,353,408	1,363,027	8,867,818	7,064,674	1,803,145	848,618	1,288,735	(440,117)
River Falls	10,406,524	11,222,505	(815,981)	8,561,658	9,622,298	(1,060,640)	1,844,866	1,600,207	244,659
Stevens Point	19,826,449	19,568,934	257,515	15,318,004	15,421,995	(103,991)	4,508,445	4,146,940	361,506
Stout	17,297,868	17,061,030	236,838	15,397,888	14,826,911	570,976	1,899,981	2,234,119	(334,138)
Superior	5,567,600	5,435,508	132,092	4,788,844	4,894,161	(105,317)	778,756	541,346	237,409
Whitewater	17,641,872	18,754,750	(1,112,878)	14,816,593	16,008,715	(1,192,122)	2,825,279	2,746,035	79,243
Colleges	16,002,631	18,808,650	(2,806,019)	15,258,037	17,098,562	(1,840,525)	744,594	1,710,088	(965,494)
Extension	34,453,208	31,739,912	2,713,296	12,800,272	12,103,151	697,121	21,652,936	19,636,761	2,016,175
System-Wide	991,214	1,194,790	(203,576)	991,214	994,701	(3,487)	0	200,089	(200,089)

FISCAL YEAR 2015-2016 (Third Quarter)

RESEARCH & PUBLIC SERVICE									
Institution	Fiscal Year 2015-16	Total Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Federal Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Non-Federal Fiscal Year 2014-15	Increase (Decrease)
Total	816,363,625	765,438,114	50,925,511	494,633,870	455,797,250	38,836,620	321,729,754	309,640,864	12,088,890
Madison	737,442,229	683,062,640	54,379,588	449,141,586	405,067,340	44,074,246	288,300,643	277,995,300	10,305,343
Milwaukee	27,683,641	34,915,410	(7,231,769)	20,216,609	26,789,150	(6,572,541)	7,467,032	8,126,260	(659,228)
Eau Claire	1,849,635	1,622,911	226,724	1,595,344	1,463,992	131,352	254,291	158,919	95,372
Green Bay	1,030,156	886,988	143,168	756,173	601,921	154,252	273,983	285,067	(11,084)
La Crosse	1,878,899	1,557,736	321,163	958,320	889,370	68,950	920,579	668,366	252,213
Oshkosh	2,537,212	1,946,022	591,190	1,561,239	1,438,720	122,519	975,973	507,302	468,671
Parkside	479,751	282,482	197,269	0	210,216	(210,216)	479,751	72,266	407,485
Platteville	233,792	1,233,756	(999,964)	124,972	1,135,084	(1,010,112)	108,820	98,672	10,148
River Falls	742,104	1,062,656	(320,552)	512,855	946,091	(433,236)	229,249	116,565	112,684
Stevens Point	3,735,567	3,442,434	293,133	880,595	650,211	230,384	2,854,972	2,792,224	62,748
Stout	4,576,289	3,597,010	979,280	4,251,355	2,789,929	1,461,425	324,935	807,080	(482,146)
Superior	1,964,815	2,049,815	(85,000)	1,625,740	1,547,647	78,093	339,075	502,168	(163,093)
Whitewater	380,525	615,071	(234,546)	184,303	164,427	19,876	196,222	450,644	(254,422)
Colleges	46,274	14,505	31,769	24,508	0	24,508	21,767	14,505	7,262
Extension	31,782,735	29,096,111	2,686,623	12,800,272	12,103,151	697,121	18,982,462	16,992,960	1,989,502
System-Wide	0	52,565	(52,565)	0	0	0	0	52,565	(52,565)

INSTRUCTION									
Institution	Fiscal Year 2015-16	Total Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Federal Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Non-Federal Fiscal Year 2014-15	Increase (Decrease)
Total	39,786,709	48,565,906	(8,779,197)	26,636,718	33,987,142	(7,350,424)	13,149,991	14,578,764	(1,428,773)
Madison	23,958,361	30,340,936	(6,382,575)	14,112,124	18,312,587	(4,200,463)	9,846,237	12,028,349	(2,182,112)
Milwaukee	2,583,410	5,851,278	(3,267,868)	2,483,410	5,745,903	(3,262,493)	100,000	105,375	(5,375)
Eau Claire	1,559,363	878,397	680,966	1,226,756	730,288	496,468	332,607	148,109	184,498
Green Bay	1,874,763	2,041,205	(166,442)	1,011,213	1,464,740	(453,527)	863,550	576,465	287,085
La Crosse	20,354	12,840	7,514	18,504	0	18,504	1,850	12,840	(10,990)
Oshkosh	6,566,779	6,701,651	(134,872)	5,780,044	5,970,442	(190,398)	786,735	731,210	55,525
Parkside	640,787	328,077	312,709	290,737	0	290,737	350,050	328,077	21,972
Platteville	10,324	0	10,324	0	0	0	10,324	0	10,324
River Falls	1,500	305,049	(303,549)	0	299,617	(299,617)	1,500	5,432	(3,932)
Stevens Point	984,313	683,161	301,152	399,100	389,991	9,109	585,213	293,170	292,043
Stout	167,722	162,147	5,575	28,000	78,873	(50,873)	139,722	83,274	56,448
Superior	1,796	0	1,796	0	0	0	1,796	0	1,796
Whitewater	426,023	136,597	289,426	295,616	0	295,616	130,407	136,597	(6,190)
Colleges	0	2,065	(2,065)	0	0	0	0	2,065	(2,065)
Extension	0	0	0	0	0	0	0	0	0
System-Wide	991,214	1,122,501	(131,287)	991,214	994,701	(3,487)	0	127,800	(127,800)

FISCAL YEAR 2015-2016 (Third Quarter)

Institution	STUDENT AID								
	Fiscal Year 2015-16	Total Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Federal Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Non-Federal Fiscal Year 2014-15	Increase (Decrease)
Total	191,242,494	179,857,567	11,384,927	176,120,923	165,768,385	10,352,538	15,121,572	14,089,182	1,032,389
Madison	38,241,956	13,473,245	24,768,711	28,203,426	4,106,221	24,097,205	10,038,530	9,367,024	671,506
Milwaukee	35,507,590	37,742,760	(2,235,170)	35,506,240	37,736,685	(2,230,445)	1,350	6,075	(4,725)
Eau Claire	11,640,448	12,300,499	(660,051)	11,639,109	12,300,499	(661,390)	1,339	0	1,339
Green Bay	4,963,610	4,928,005	35,605	4,550,858	4,672,000	(121,142)	412,752	256,005	156,747
La Crosse	8,811,174	10,362,948	(1,551,774)	8,811,174	10,362,948	(1,551,774)	0	0	0
Oshkosh	7,735,339	14,114,337	(6,378,998)	7,735,339	14,114,337	(6,378,998)	0	0	0
Parkside	8,453,978	8,972,665	(518,687)	8,253,005	8,679,625	(426,620)	200,973	293,040	(92,067)
Platteville	8,156,741	4,940,503	3,216,238	8,156,741	4,939,503	3,217,238	0	1,000	(1,000)
River Falls	8,467,495	8,551,323	(83,828)	7,225,528	7,590,138	(364,610)	1,241,967	961,185	280,782
Stevens Point	14,890,468	15,228,507	(338,039)	14,030,074	14,381,793	(351,719)	860,394	846,714	13,680
Stout	10,444,590	11,421,816	(977,226)	10,014,877	10,922,302	(907,425)	429,713	499,514	(69,801)
Superior	3,260,391	3,346,514	(86,123)	2,941,437	3,346,514	(405,077)	318,954	0	318,954
Whitewater	15,195,995	16,550,060	(1,354,065)	14,049,985	15,556,521	(1,506,536)	1,146,010	993,539	152,471
Colleges	15,472,718	17,924,385	(2,451,667)	15,003,129	17,059,299	(2,056,170)	469,589	865,086	(395,497)
Extension	0	0	0	0	0	0	0	0	0
System-Wide	0	0	0	0	0	0	0	0	0

Institution	ALL OTHERS*								
	Fiscal Year 2015-16	Total Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Federal Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Non-Federal Fiscal Year 2014-15	Increase (Decrease)
Total	72,674,148	80,869,454	(8,195,306)	10,090,449	9,604,499	485,950	62,583,699	71,264,955	(8,681,256)
Madison	55,493,870	60,744,306	(5,250,435)	3,568,005	3,380,767	187,238	51,925,865	57,363,538	(5,437,673)
Milwaukee	4,828,633	6,911,747	(2,083,114)	2,196,433	2,168,513	27,920	2,632,201	4,743,234	(2,111,034)
Eau Claire	0	0	0	0	0	0	0	0	0
Green Bay	768,989	512,173	256,816	10,235	11,035	(800)	758,754	501,138	257,616
La Crosse	1,016,385	928,308	88,077	974,459	904,808	69,651	41,926	23,500	18,426
Oshkosh	559,790	807,006	(247,216)	81,290	0	81,290	478,500	807,006	(328,506)
Parkside	36,072	364,979	(328,907)	0	0	0	36,072	364,979	(328,907)
Platteville	1,315,579	2,179,149	(863,570)	586,105	990,087	(403,982)	729,474	1,189,063	(459,589)
River Falls	1,195,425	1,303,477	(108,052)	823,275	786,452	36,823	372,150	517,025	(144,875)
Stevens Point	216,101	214,832	1,268	8,235	0	8,235	207,866	214,832	(6,967)
Stout	2,109,267	1,880,058	229,210	1,103,656	1,035,807	67,849	1,005,611	844,251	161,361
Superior	340,597	39,178	301,419	221,667	0	221,667	118,930	39,178	79,752
Whitewater	1,639,328	1,453,022	186,307	286,689	287,767	(1,078)	1,352,639	1,165,255	187,385
Colleges	483,638	867,694	(384,056)	230,400	39,263	191,137	253,238	828,431	(575,193)
Extension	2,670,473	2,643,800	26,673	0	0	0	2,670,473	2,643,800	26,673
System-Wide	0	19,725	(19,725)	0	0	0	0	19,725	(19,725)

*Includes Libraries, Physical Plant and Miscellaneous categories