

**UW System Board of Regents
Business & Finance Committee
UW-Milwaukee Union, Ballroom West
June 9, 2016**

MEETING OF THE BUSINESS AND FINANCE COMMITTEE:

The Business and Finance Committee was called to order at 9:00 a.m. by Regent Mueller. Roll call was taken and Regents Mueller, Bradley, Delgado, Grebe and Hall were in attendance.

I.2.a. Approval of the Minutes of the April 7, 2016 Meeting of the Business and Finance Committee

Upon the motion of Regent Grebe and the second of Regent Hall, the committee approved the Minutes of the April 7, 2016 Meeting of the Business and Finance Committee.

I.2.b. UW-Milwaukee Contractual Agreement with Precision Systems, Inc.

Upon the motion of Regent Bradley, and the second of Regent Delgado, the committee approved a sponsored research agreement with Precision Systems, Inc. Under the agreement, the University will work with Precision Systems, a company with specialization in highway infrastructure and design, to design, implement, and test a city-wide traffic work zone project management system for Washington, D.C. Total revenues to the institution are estimated at \$1,562,654. Services will be provided from June 1, 2016 through May 31, 2021 under the direction of Dr. Yue Liu in the Department of Civil Engineering.

I.2.c. UW-Green Bay Dining Services Contractual Agreement with Chartwells

Upon the motion of Regent Bradley, and the second of Regent Hall, the committee approved an agreement with Compass Group USA, Inc., through their Chartwells Division, to provide dining services at the institution. The contract will be effective August 1, 2016 for a one-year period, with the option for six one-year extensions. Estimated annual net revenue to the vendor is approximately \$3.3M, totaling approximately \$23.1M over the potential life of the agreement. Estimated commissions to the institution over the potential life of the contract are approximately \$1.26M. In addition, the vendor is expected to invest \$500,000 in campus facilities. There were three proposals submitted and evaluated, and while Chartwells was the highest scoring proposer awarded the contract, one of the incumbent suppliers (A' Viands) protested the award. The protest was reviewed and denied based on the rigor of the evaluation criteria and the scoring. The award followed the process as stated in the RFP. Regent Bradley wanted to know if the cost to students would increase and it was confirmed that it should not, and may actually decrease due to the lower cost of the contract. Regent Mueller confirmed that the alcoholic beverages referenced in the contract were for catering.

I.2.d. UW-Parkside Dining Services Contractual Agreement with A'viands, LLC

Upon the motion of Regent Delgado, and the second of Regent Hall, the committee approved an agreement with A'viands, LLC to provide dining services at the institution. The contract is effective June 27, 2016 for a one year period, with the option for six one-year extensions. Estimated annual net revenue to the vendor is approximately \$2.8M, totaling approximately \$19.6M over the potential life of the agreement. Estimated commissions to the institution over the life of the contract are approximately \$1.07M. In addition, the vendor is expected to invest \$500,000 in campus facilities. There were three proposals submitted and evaluated, and while A'viands was the highest scoring proposer awarded the contract, one of the incumbent suppliers (Sudexo) protested the award. The protest was reviewed and denied based on the fact that the award followed the process as stated in the RFP. Regent Mueller stated that it can be difficult to approve the

agreements in isolation. The request was made to, at some point, have a comparative table showing dining vendors and costs across the campuses to use as background information. Vice President Miller noted that they have been happy with the lowered prices and the savings they are getting with each renewed contract. The reason for the one-year renewals is to monitor service.

I.2.e. UW-Superior Contractual Agreement for Educational Online Program Services with Academic Partnerships

Upon the motion of Regent Grebe, and the second of Regent Delgado, the committee approved an agreement with Academic Partners to provide educational online program services at the institution. The contract is effective January 1, 2017 for a seven-year period, with an option to extend for an additional five years. The contracted firm would provide marketing, recruiting, and student retention services from a wider geographic area than the institution currently draws from. In return, Academic Partners would receive a share of tuition and non-segregated fee revenue generated from programs covered by the agreement. For initial programs, Academic Partners would receive 50% of such revenues for years 1-3, 45% for years 4-5, and 40% for years 6-7. Estimated revenue to the vendor would be approximately \$23.0M over the life of the agreement. Estimated net benefit to the institution over the life of the contract is approximately \$14.8M.

I.2.f. UW-Whitewater Pouring Rights Contractual Agreement with Bottling Group, LLC

The agenda included a request to approve an agreement with Bottling Group, LLC, Pepsi Beverages Companies to provide exclusive rights to soft drink pouring and vending at the institution. However, this item was deferred at the request of the campus.

I.2.g. UW-Madison Contractual Agreement with NeOnc Technologies, Inc.

Upon the motion of Regent Bradley, and the second of Regent Grebe, the committee approved a Master Clinical Studies Agreement with NeOnc Technologies, Inc. The language of this agreement establishes the general terms to be applied to all NeOnc sponsored trials at the institution. Individual research project “work orders” will be executed specifying the materials and protocols to be used in each trial. While total revenues to the institution are not fixed, the University is expected to receive over \$1,000,000 over the life of the agreement. Initial work under the agreement will be performed in the UW-Madison School of Medicine and Public Health under the direction of Dr. Steve Howard.

I.2.h. UW-Madison Contractual Agreement with National Oilwell Varco, LP

Upon the motion of Regent Hall, and the second of Regent Delgado, the committee approved a sponsored research agreement with National Oilwell Varco, LP. The study extends a collaborative effort involving National Oilwell Varco, UW-Madison, Pennsylvania State University, and Texas A&M University and seeks to continue development and deployment of strategies that will help facilitate timely responses to internal challenges including determination of facilities to be used and capital investment opportunities that may impact operational efficiency. The institution is expected to receive \$1,800,000 under the agreement. Services will be provided from July 1, 2016 through June 30, 2020 under the direction of Ananth Krishnamurthy in the Department of Industrial Engineering.

I.2.i. UW-Madison Contractual Agreements with Fanatics Retail Group Wisconsin, Inc. and Gold Country, Inc. for Merchandising Rights in the Division of Intercollegiate Athletics

Upon the motion of Regent Grebe, and the second of Regent Hall, the committee approved two separate but related agreements awarding merchandising rights for UW-Madison Athletics. One, Gold Country, Inc., involves on-site sales in UW Athletics facilities including Camp Randall and

the Kohl Center as well as portable sales operations at other sites by mutual agreement. The second, Fanatics Retail Group Wisconsin, involves online sales through a well-established E-Commerce provider which serves all major professional sports leagues (e.g., NFL, MLB, NBA, NHL, etc.). The institution is expected to receive a minimum five-year guarantee of \$1.25M from online sales. This is the correct amount, the description in the summary incorrectly stated \$3,750,000. The retail sales contract has an expected five-year guarantee of \$1.5M. Both agreements are for a five-year term with an optional three-year extension.

I.2.j. Trust Funds – UW-Madison Request for an Exception to Board Policy on Large Unendowed Bequests/Gifts for the Eleanor Casebier Trust

Upon the motion of Regent Grebe, and the second of Regent Hall, the committee approved an exception to Regent Policy Document 31-15. This Board policy requires gifts become Board-designated endowments if they exceed \$250,000 and the donor is silent as to the use of principal. The exception was requested by the Chancellor at UW-Madison and allows expenditure of the full \$800,000 amount of the bequest. The gift will be deposited to the “UW-Madison Chancellor’s Special Fund”, a fully discretionary fund administered by the Chancellor’s Office.

I.2.k. Application Fee Proposals

Upon the motion of Regent Grebe, and the second of Regent Hall, the committee approved new application fee rates for UW-Madison undergraduates of \$60 (+\$10) and undergraduates at other UW institutions of \$50 (+\$6). In addition, changes were requested for UW-Madison Graduate and Professional Schools. Rates will change to \$75 (+\$19) for the Graduate School, School of Pharmacy, and the School of Medicine and Public Health. For the School of Veterinary Medicine and the Law School, the new rates will be \$60 (+\$4). Regent Grebe asked if there was reason to believe that raising these application fees would dissuade otherwise qualified interested applicants from applying to UW schools. Interim Vice President, Julie Gordon did not feel it would be a concern as these fees are average with peers. In addition, every institution has the ability to waive the application fee if it is necessary for financial hardship.

I.2.l. Approval of Revised Regent Policy Documents Related to Contracting Authority

Upon the motion of Regent Bradley, and the second of Regent Grebe, the committee approved amendments to two existing Regent Policy Documents and the establishment of a new Regent Policy Document related to contracting authority.

- Changes to RPD 13-1 clarified when Athletics employment contracts must come before the committee and require contracts between \$500K and \$1M to be reviewed by a designated institutional legal affairs office or the UW System Office of General Counsel.
- Changes to RPD 13-2 clarified authority for real property transactions including changes to the Board or Regents leasing authority resulting from 2015 Wisconsin Act 55.
- The new RPD established approval and signature authority requirements with respect to capital projects managed solely by the UW System.

Regent Bradley asked why Regents still have to sign leases involving agriculture. Vice President Miller stated that it was something that the legislature left in the statutes and did not delegate to UW System.

Vice President Miller discussed streamlining the process for managing capital projects with this new authority, while still maintaining appropriate oversight and effectiveness. This would include establishing that capital projects solely managed by the UW System that cost more than \$1,000,000 be approved by the Board at or before 25 percent of design being completed. This allows the institutions to pre-plan in even sooner. Should the budget exceed more than 10 percent of the approved limit or the scope changes substantially, it would have to be brought back for board approval.

Regent Mueller stressed the importance of reporting. Associate Vice President Roe stated that reporting is in process now. The idea of putting together a quarterly report and reporting back to the board around June and December with updates on all projects and leases is the plan at this point.

Vice President Miller pointed out that this new authority allows every project to move on its own schedule. The Board will see them in real time and they will be on their own schedule.

I.2.m. Report on the Progress of the Integration and Amendments to the Integration Agreement between UW Hospital and UW Medical Foundation

Dean Robert Golden from the UW-Madison School of Medicine and Public Health provided an update on the progress of the integration and provided background information in support of requested amendments to the Integration Agreement. The requested amendments essentially seek to restructure and consolidate the various funding support elements detailed in the original Integration Agreement and were unanimously approved by the UW Hospital and Clinics Authority Board on April 21, 2016. Regents Tim Higgins, Janice Mueller, and Andrew Peterson are currently members of this Board as well the UW Board of Regents. Upon the motion of Regent Bradley, and the second of Regent Hall, the committee approved the amendments.

I.2.n. Quarterly Gifts, Grants, and Contracts Report – FY2016 Q3

A summary of gift, grant, and contract awards for the period July 1, 2015 through March 31, 2016 was presented by Julie Gordon, Interim Vice President for Finance. Total awards for the period were approximately \$1.120 million, an increase of \$45.3 million compared to the prior year. Federal awards increased \$42.3 million while non-federal awards increased by \$3.0 million.

I.2.o. UWM Presentation – *UW-Milwaukee's Response to Fiscal Challenge – 2015-17 and Beyond*

Robin Van Harpen, UW-Milwaukee Vice Chancellor for Finance and Administrative Affairs, discussed how the institution plans to move forward in the current fiscal environment. The committee was given a financial overview of revenues and expenditures. Carryforward balance projections were discussed and the negative outcomes that will occur if continued action is not taken. Vice Chancellor Van Harpen then gave a brief outline of future actions the institution plans to take to assist in bringing in more revenue.

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

David Miller, UW System Vice President for Administration, provided an update on the Title and Total Compensation Study currently underway within the UW System. When UW-Madison and UW System received their own personnel system, there was a need to reinvent the titling structure to be higher education centered rather than state government centered. This effort is a long term study to streamline and put into place appropriate titles along with the appropriate compensation structures that go along with those titles, as well as study the benefit structure to ensure competitiveness with peers. As the work progresses it will be reported back to the Board.

The committee adjourned at 10:30 a.m.

Respectfully submitted,



Jennie Bauernhuber
Recording Secretary