

**Minutes of the
Business & Finance Committee Agenda
October 5, 2017**

The Business and Finance Committee was called to order at 10:25 AM by the Chair, Regent Whitburn. Roll was taken with Regents Whitburn, Atwell, Delgado, Erickson, Grebe, and Steil present. Regents Hall and Mueller were absent. The Committee had a quorum.

I.2.a. Approval of the Minutes of the July 6, 2017 Meeting of the Business and Finance Committee

Upon the motion of Regent Steil and the second of Regent Delgado, the committee approved the Minutes of the July 6, 2017 Meeting of the Business and Finance Committee.

I.2.b. Approval of Changes to Regent Policy Document (RPD) 25-3 *Policy on Use of University Information Technology Resources*

Upon the motion of Regent Steil and the second of Regent Atwell, the Committee approved changes to Regent policy regarding the use of University Information Technology resources to more clearly define "information technology resources" and to address what would be considered acceptable and unacceptable use of those resources. Importantly, this policy must be implemented on all campuses within 90 days.

I.2.c. UW System Contractual Agreement – Instructure Inc.

Upon the motion of Regent Delgado and the second of Regent Atwell, the Committee approved a three-year agreement with Instructure Inc. for its *Canvas* Digital Learning Environment platform. The product will replace the Desire2Learn (D2L) Learning Management System that has been in use across the UW System since 2003.

Robert Cramer, UW System Vice President for Administration and Ruth Anderson, Associate Vice President for Administrative Services addressed any clarifying questions from the Committee regarding utilization and obsolescence of platforms. (See Memorandum attached.)

I.2.d. UW-Milwaukee Contractual Agreement – Calcigenix, LLC

Upon the motion of Regent Atwell and the second of Regent Delgado, the Committee approved a sponsored research agreement with Calcigenix, LLC. This agreement was originally brought to the Committee at its July 2017 meeting, at which time the Committee approved a short-term extension and requested further UW System review. That review has been completed and no substantial concerns were found. This three-year agreement builds on earlier efforts between the institution and Calcigenix and represents a continuation of work performed by the institution under an initial pilot agreement in 2013 and then under a three-year agreement for similar efforts. This latest contract is a second three-year agreement. The work for Calcigenix involves evaluation of a particular therapy aimed at curbing age-related cognitive decline. The work will be led by Dr. James Moyer in the UW-Milwaukee College of Letters and Science.

Robin Van Harpen, Vice Chancellor for Finance and Administrative Affairs at UW-Milwaukee addressed the Committee and confirmed outstanding questions regarding Calcigenix, LLC had been resolved.

I.2.e. UW-Madison Contractual Agreement – QuintilesIMS, Inc.

Upon the motion of Regent Grebe and the second of Regent Delgado, the Committee approved a Master Clinical Study Agreement with QuintilesIMS, Inc. QuintilesIMS is a contract research organization that facilitates the conduct of clinical trials for multiple pharmaceutical companies. The language of this agreement establishes the general terms to be applied to all QuintilesIMS sponsored studies at the institution. Individual Study Work Orders will be executed specifying the materials and protocols to be used in each study. While total revenues to the institution are not fixed, the University could potentially receive in excess

of \$1,000,000 over the life of the agreement. The agreement does not reference any initial work or include information as to specific principal investigator(s) but past work performed by UW-Madison for the organization has included trials involving treatments for asthma, diabetes, osteoporosis, and Alzheimer's disease.

Laurent Heller, Vice Chancellor for Administration and Finance at UW-Madison addressed the Committee regarding master agreements and how this would work with regard to future work with QuintilesIMS, Inc.

I.2.f. UW-Madison Contractual Agreement – Varian Medical Systems, Inc.

Upon the motion of Regent Atwell and the second of Regent Erickson, the Committee approved a three-year Master Research and Collaboration Agreement with Varian Medical Systems, Inc. Varian is a manufacturer of radiotherapy equipment. The language of this agreement establishes the general terms to be applied to all Varian sponsored research at the institution. Individual Research Plans (essentially statements of work) will be executed specifying the work to be performed on each project. While total revenues to the institution are not fixed, the University could potentially receive in excess of \$1,000,000 over the life of the agreement. The research will be performed by the Departments of Human Oncology and Medical Physics in the School of Medicine and Public Health, under the oversight of Dr. Larry Dewerd.

Laurent Heller, Vice Chancellor for Administration and Finance at UW-Madison addressed the Committee regarding master agreements and how this would work with regard to future work and planned work at the School of Medicine and Public Health with Varian Medical Systems, Inc.

I.2.g. UW-Madison Contractual Agreement – Pepsi-Cola of Madison

Upon the motion of Regent Grebe and the second of Regent Steil, the Committee approved a five-year agreement with WP Beverages, doing business as Pepsi-Cola of Madison, for the right to be the exclusive carbonated soft drink and bottled water of University of Wisconsin-Madison Athletics. The contract will be effective July 1, 2018 through June 30, 2023. Over the life of the contract, the agreement provides Athletics with over 48,000 cases of bottled water, as well as all fountain dispensers, coolers, etc. needed to dispense these products.

Laurent Heller, Vice Chancellor for Administration and Finance at UW-Madison addressed the Committee regarding the agreement with Pepsi Cola of Madison and, with Regent Whitburn, provided a brief history of recent vendors who have served as exclusive providers of carbonated soft drink and bottled water of UW-Madison Athletics.

I.2.h. FY2017 Program Revenue Balances Report

Upon the motion of Regent Grebe and the second of Regent Steil, the Committee approved the FY2017 UW System Report on Program Revenue Balances and the individual spending plans included in the report. Total UW System unrestricted fund balances continue to decline with total balances dropping from \$1.096B to \$851.6M (\$244.4M or 22.3%) from FY2013 to FY2017. Over this same period, tuition balances decreased from \$551.5M to \$277.2M (\$274.3M or 49.7%). Current tuition balances represent only 42 days of operating expenses associated with that funding.

Chair Whitburn initiated the discussion on the Program Balances report and the historical context for which the report was crafted and presented to the Board of Regents. Sean Nelson, UW System Vice President for Finance provided additional comments on the specifics of the categorization of program balances and outlined the timeline and coordination processes for gathering data from the campuses.

Chair Whitburn reorders the presentations for coherency and in order to optimize time utilization. Item I.2.i. will be presented after the financial reports and before the reports from the Vice Presidents.

I.2.j. Quarterly Gifts, Grants and Contracts Report – FY2017 (4th Qtr)

A summary of gift, grant, and contract awards for the period July 1, 2016 through June 30, 2017 was presented. Total awards for the period were approximately \$1.439 billion, a decrease of \$78.9 million compared to the prior year. Federal awards decreased \$67.8 million while non-federal awards decreased by \$11.1 million.

Sean Nelson, UW System Vice President for Finance and Julie Gordon, UW System Associate VP for Financial Administration provided an overview and responded to questions raised by Regents. Regent Atwell noted that grant funding seemed heavily weighted in Federal rather than private sector. Regent Erickson sought clarification about the percentage of grants from outside organizations in comparison to the top twenty-five recipient organizations.

I.2.k. Financial Management Report – FY2017 (4th Qtr)

The Committee received a high level summary report comparing budgeted to actual revenues and expenditures through the fourth quarter of the fiscal year. The report provides UW System management and the Board with a dashboard-type tool to monitor financial activity within the UW System. This cash-based management report shows that, as of close of the fiscal year, actual expenditures were approximately 97.1% of the regent approved budget, while revenues were at 100.1% of the budgeted level.

Sean Nelson, UW System Vice President for Finance presented the 4th quarter update on this report and provided clarification and answered questions on specific figures presented in the report.

I.2.i. Managed Travel Program Update

The Committee received an update on the UW System's managed travel program which seeks to consolidate campus travel activity with contract vendors in order to lower costs, improve service levels, and enhance the safety of individuals travelling on UW System business and other UW sponsored activities.


Sean Nelson, UW System Vice President for Finance and Julie Gordon, UW System Associate VP for Financial Administration gave the floor to Terri Gill, UW System Travel Program Manager to provide a detailed update on the Managed Travel Program implementation and cost effectiveness.

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

Due to time constraints, the Committee received abbreviated reports on information security from UW System Vice President for Administration Rob Cramer and on the efforts of the Segregated Fee Working Group from UW System Vice President for Finance Sean Nelson.

The Business and Finance Committee adjourned at 11:32 AM.

Respectfully submitted,



Joyce E. Jackson
Recording Secretary

Attachment: Memo for Board Minutes re: Instructure Contractual Agreement with the Board of Regents



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To: Rob Cramer
Vice President for Administration

From: Tomas L. Stafford
General Counsel

Date: October 23, 2017

Re: Memo for Board Minutes re: Instructure Contractual Agreement with the Board of Regents

At the October 2017 meeting, the Board's Business and Finance Committee recommended approval, and the Board of Regents approved, a contract with Instructure for the provision of digital learning environment services to the UW System. The Agenda Item was I.2.c. The Executive Summary for this contract prepared by the UW System Procurement Office correctly stated that the contract was for an initial three-year term at a cost of \$4,874,405. The Executive Summary also correctly stated that the agreement had two (2) two (2)-year renewal options, for a total, potential four-year renewal period.

However, the Executive Summary incorrectly stated the cost of the first, two-year option period as \$2,002,000 and the cost of the second, two-year option period as \$2,067,061 or a total potential renewal option period cost of \$4,069,061. In fact, the cost of the first, two-year option period would be \$4,064,639 and the cost of the second two-year option period would be \$4,100,869, for a total potential renewal option period cost of \$8,165,508. The term sheet provided by Procurement that was included in the Board's materials also contained the incorrect renewal period amounts. The Regents did not receive a copy of the contract with Instructure, which includes the correct renewal period amounts.

This was a technical error in the Board's materials. As noted above, the contract approved by the Board in October 2017 that both parties will rely upon going forward contains both the correct base contract term cost and the correct potential renewal option period cost. Nonetheless, when the initial base three-year term of the contract is completed, UW System will bring the contract back to the Board of Regents for review and approval of any renewal option periods contemplated at that time.