

**Minutes of the
Business & Finance Committee
June 7, 2018**

The Business and Finance Committee was called to order at 9:11 AM by the Chair, Regent Whitburn. Roll was taken. The full committee, Regents Whitburn, Atwell, Delgado, Grebe, Hall, Mueller, and Steil were present. The Business and Finance Committee had a quorum. At the commencement of the meeting, Regent Whitburn asked if any members of the Committee had conflicts or potential conflicts. Regent Grebe reported that he would recuse himself from voting on item I.2.e. Regent Steil stated that for the duration of his candidacy for United States Congress, he would recuse himself from voting on all commercial contracts between third parties and the University of Wisconsin System to avoid any appearance of any impropriety.

I.2.a. Approval of the Minutes of the April 5, 2018 Meeting of the Business and Finance Committee

Upon the motion of Regent Whitburn and the second of Regent Hall, the Committee approved the minutes of the April 5, 2018 meeting of the Business and Finance Committee.

I.2.b. UW-Milwaukee Presentation – UWM’s Fiscal Reality: Reimagining our Future

Robin Van Harpen, UW-Milwaukee Vice Chancellor for Finance and Administrative Affairs, discussed the institution’s current fiscal situation and how the institution is planning to address the challenges presented going forward. The overview looked at how the campus leadership teams viewed the future when considering the challenges of declining enrollment and ongoing limited resources. UW-Milwaukee awarded approximately 5,400 degrees this year (combining undergraduate and graduate students) and has 136,000 alumni dispersed worldwide. An R-1 institution heavily engaged with the community with an estimated one and one-half billion-dollar economic impact in the state of Wisconsin, the university generates much of its revenue through tuition. It is combating declining enrollments with an array of cost cutting strategies and realignment of services. Even with these measures in place, a deficit is projected for year 2019. UW-Milwaukee is focusing on top strategic priorities: exceptional research, community engagement and building talent pipeline for Wisconsin, and promoting an outstanding learning environment. They will continue to look for every opportunity to invest wisely, improve efficiency and effectiveness, and reimagine their future.

I.2.c. UW-Milwaukee Contractual Agreement – Pepsi Beverages Company

Upon the motion of Regent Atwell and the second of Regent Mueller, the Committee approved a potential seven-year agreement with Pepsi Beverages Company for exclusive soft drink pouring and vending rights at the University of Wisconsin-Milwaukee. UW System Senior Procurement Specialist Paul Schlough and UW-Milwaukee Food Service Director Scott Hoffland were available to answer questions from the committee. The contract will be effective July 1, 2018 through June 30, 2019 with six one-year automatic renewal options. Over the life of the contract, the agreement provides the institution with total “rights fees” of \$560,000, sponsorship support of \$168,000, and sideline cash allowances of \$21,000. In addition, the institution is expected to receive vending services commissions of \$806,176 over the life of the contract. Total potential value to the university is approximately \$1,555,176. Regent Steil abstained from voting.

I.2.d. UW-Madison Contractual Agreement – AbbVie, Inc.

Upon the motion of Regent Mueller and the second of Regent Hall, the Committee approved a Service Agreement with AbbVie, Inc. to provide data analysis services in support of a clinical trial at the Cardiovascular Research Center, testing long-range effects of certain testosterone replacement therapies on heart problems. UW-Madison Vice Chancellor for Administration and Finance

Laurent Heller addressed any questions the committee had, including the duration of the contract, starting July 1st through completion of service. Regent Whitburn noted the importance of specific performance tied to dates under a contract. Mr. Heller communicated that the nature of clinical trials called for open-ending date to prevent the need for renegotiations. Regent Whitburn requested future contracts define clear end dates and the Vice Chancellor agreed to this requirement moving forward. The institution is expected to receive \$1,050,078 for efforts under the agreement. The work will be conducted in the Department of Biostatistics and Medical Informatics under the direction of Dr. Kevin Buhr. Regent Steil abstained from voting.

I.2.e. UW-Madison Contractual Agreement – Novo Nordisk A/S

Upon the motion of Regent Mueller and the second of Regent Hall, the Committee approved a Service Agreement with Novo Nordisk A/S for services in support of a clinical trial evaluating the effects of a drug treatment addressing loss of vision in patients suffering diabetic retinopathy. UW-Madison Vice Chancellor for Administration and Finance Laurent Heller fielded questions from the committee. The institution is expected to receive \$8,403,538 for efforts under the agreement. These services are expected to be provided over a period of approximately seven years. The work will be provided through the Fundus Photograph Reading Center under the direction of Dr. Barbara Blodi. Regent Delgado was out of the room during this vote. Regents Grebe and Steil abstained from voting.

I.2.f. UW-Madison Contractual Agreements (2) – Genentech, Inc.

I.2.g.

Upon the motion of Regent Hall and the second of Regent Atwell, the Committee approved a pair of Service Agreements with Genentech, Inc. for services in support of clinical trials evaluating effects of a drug treatment addressing loss of vision in patients suffering diabetic macular edema. UW-Madison Vice Chancellor for Administration and Finance Laurent Heller was on hand to differentiate between the two contracts with Genetech, Inc. Approximately the same dollar amounts, each agreement is separately contracted for clinical trials to be undergone at different locations, configured this way for administrative efficiency for Genetech, Inc. The institution is expected to receive a combined total of \$3,517,640 for efforts under the agreements. These services are expected to be provided over a period of approximately seven years. The work will be provided through the Fundus Photograph Reading Center under the direction of Dr. Barbara Blodi. Regent Delgado was out of the room during this vote. Regent Steil abstained from voting.

I.2.h. UW System Presentation – Title and Total Compensation Study Overview

UW System Senior Associate Vice President and Chief Human Resources Officer Shenita Brokenburr provided a progress report on the project developing two new human resource structures, one at UW-Madison and one for UW System and its campuses. These structures are being tailored to the field of higher education. The aim is that by the end of 2019, they will be in place. These structures separate UW-Madison and UW System from the current state model, as directed by state statute. The framework will focus on: talent management, workforce planning, and strategic on-boarding.

I.2.i. Quarterly Gifts, Grants, and Contracts Report – FY2018 (3rd Quarter)

A summary of gift, grant, and contract awards for the period July 1, 2017 through March 31, 2018 will be presented. Total awards for the period were approximately \$1,147.2 million, an increase of \$93.7 million compared to the prior year. Federal awards increased \$72.7 million while non-federal awards increased by \$21.0 million. UW-Madison represented \$60 million of \$94 million. UW System Vice President for Finance Nelson suggests reporting annually or semi-annually to properly reflect the status.

I.2.j. Financial Management Report – FY2018 (3rd Quarter)

The Committee received a high-level summary report comparing budgeted to actual revenues and expenditures through the third quarter of the fiscal year. The report provides UW System management and the Board with a dashboard-type tool to monitor financial activity within the UW System. This interim report shows that, as of March 31st, actual expenditures were approximately 75.2% of the Regent approved budget, while revenues were at 86.4% of the budgeted level. Regent Atwell and Nelson will develop more business-like report delivered mid-year and third-quarter report with year-end forecasting. This report is another consideration for revising timing and format.

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

UW System Vice President for Finance Sean Nelson provided a brief update on the movement of Trust Funds investment activity to the State of Wisconsin Investment Board. He noted positive progress continues and that SWIB senior staff will report to the Committee in August. Current work included identifying controls, signature authorities, connecting on donor accounts, and asset mapping.

The Business and Finance Committee adjourned at 10:36 AM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joyce E. Jackson". The signature is stylized with a large loop at the top and a horizontal stroke at the bottom.

Joyce E. Jackson
Recording Secretary