

**UW System Board of Regents
Meeting of the Business & Finance Committee
University of Wisconsin System Administration
1820 Van Hise Hall, 1220 Linden Drive, Madison, WI
Via WebEx
October 8, 2020**

The Meeting of the Business and Finance Committee was called to order at 10:31 AM by the Chair, Regent Scott Beightol.

A. Calling of the Roll

Regents Beightol, Delgado, Jones, Lezvow, and Peterson were present. Regent Saffold was experiencing technical difficulties and joined in time to vote for item D. forward. Regent Atwell was absent. At all times, the Committee had a quorum.

B. Declaration of Conflicts

The Chair asked Committee Members to identify any conflicts of interest. Regent Jones recused himself from voting on item G., UW-Madison's master clinical trial agreement with Exact Sciences.

C. Approval of the Minutes of the August 20, 2020 Meeting of the Business and Finance Committee

Upon the motion of Regent Delgado and the second of Regent Jones, the Committee approved the minutes of the August 20, 2020 Business and Finance Committee meeting.

D. Review and Approval of the Program Revenue Balances Report for FY20

Upon the motion of Regent Jones and the second of Regent Bogost, the Committee approved the Program Revenue Balances Report for FY20. UW System Vice President for Finance, Sean Nelson, noted key data points from the report, including unrestricted tuition balances decreasing by \$17.7 million -- a decrease of nearly 60% in tuition balances since FY13. Auxiliary balances decreased by \$42.6M, or about 14% in FY20, however approximately 63% of the auxiliary unrestricted balances are for current and future capital commitments including debt service, enumerated capital projects, and planned maintenance. Unrestricted balances also declined in both General Program Operations and Federal Indirect Cost Reimbursement. Overall, total unrestricted balances declined by \$93.4 million in FY20, a reduction of \$175.8 million since FY13, or approximately 18.5%.

E. Approval of the Administrative Transformation Program

Upon the motion of Regent Jones and the second of Regent Saffold, the Committee approved moving forward on the Administrative Transformation Program. This multi-year program will work across the UW System, addressing current complexities in the administrative support model. Building a better future administrative infrastructure entails streamlining policies, standardizing processes, organizing roles, and modernizing the technology with cloud-based enterprise resource planning software. The total projected cost is \$212M. UW System Vice President for Administration, Rob Cramer, UW-Madison Vice Chancellor for Finance and Administration, Laurent Heller, and the Program Executive and Program Director for ATP, Steve Kish and Nick Tincher, provided an overview and answered questions.

F. Approval of a UW-Madison Master Clinical Trial Research Agreement with Cerveau Technologies, Inc.

Withdrawn from consideration.

G. Approval of a UW-Madison Master Clinical Trial Agreement with Exact Sciences Corporation

Upon the motion of Regent Levzow and the second of Regent Peterson, the Committee approved a master clinical trial agreement between UW-Madison and Exact Sciences. The three-year contract was brought before the Committee as it is likely to exceed \$1 million. Under this agreement, the School of Medicine and Public Health and Carbone Cancer Center at UW-Madison will facilitate sample collection for various studies dealing with oncology diagnoses. These studies involve one or more blood draws, with the samples processed and sent to Exact Sciences for analysis. A brief discussion was had regarding the importance of building partnerships with local businesses to mutual benefit. Note, Regent Mike Jones recused himself from voting on this item.

H. Approval of a Regent Policy Document 21-10, “Institutional Relationships with Associated Affiliated Organizations”

Upon the motion of Regent Jones and the second of Regent Delgado, the Committee approved Regent Policy Document 21-10 regarding Institutional Relationships with Associated Affiliated Organizations. This policy would allow university employees to serve on the board of directions of an associated affiliated organization but prohibits them from constituting the majority of the board. A written agreement would be required when associated affiliated organization receive administrative support from a UW System institution, and address situations when the university employees may work for such an affiliated organization.

I. Approval of Regent Policy Document 21-11, “Cost-Benefit Reporting for Foundations and Associated Affiliated Organizations” Upon the motion of Regent Delgado and the second of Regent Bogost, the Committee approved Regent Policy Document 21-11 regarding Cost-Benefit Reporting for Foundations and Associated Affiliated Organizations. The policy requires annual cost-benefit reports for every primary fundraising foundation (regardless of the value of administrative support) and cost-benefit reports from associated affiliated organizations (annually, if the administrative support is valued at or above \$100,000, and every five years, regardless of valuation). The annual summary of cost-benefit reports will continue to be provided to the Board of Regents.

The Chair, Regent Scott Beightol, and Committee Members expressed their appreciation of the efforts and results of fundraising done by the various foundations for the good of students and campuses.

J. Trust Funds Quarterly Investment Report

UW System Executive Director for the Administration Office of Trust Funds, Chuck Saunders, presented an overview on the Trust Funds Quarterly Investment Report (quarter ending June 30th, 2020). Mr. Saunders noted that the UW System Trust Fund assets totaled \$605.4M (with \$462.6M in the Long-Term Funds and \$142.84M in the Income Cash Fund), public equity investments increased 18.48%, bond investments returned 3.81%, inflation sensitive investments gaining 5.26%, and private market portfolios returning 0.09%. For the quarter, the Long-Term

Fund increased in value 10.36% (before fees), while the UW Fund Custom Benchmark increased 10.22%. The Income Cash Fund gained 0.07% for the period.

K. Review of Semi-Annual Budget-to-Actuals Report

Vice President Nelson introduced the FY 19-20 Budget-to-Actuals Report to the Committee. The report covers the year-end status of the UW System budget by major areas of activity in comparison to actuals for the period of July 1, 2019 through June 30, 2020. His high-level summary noted a small overall variance in revenue over expense for the entire UW System. However, a few variances are notable, including a \$143 million reduction in auxiliary revenue largely due to the pandemic and the departure of students from on-campus housing and dining back in March. UW institutions were able to offset much of those losses through both expense reductions and support through Federal CARES funding. Similarly, Financial Aid revenue is up by approximately \$51 million due to the additional support from the CARES funding that was earmarked as direct aid to students. Overall, total variance of the \$6.4 billion board approved FY20 budget over the year-end actuals was \$27.5 million, or about .4% (4 tenths of 1%).

L. Review of Cost Benefit Analysis of Foundations and Other Affiliated Organizations Report for FY20

Vice President Nelson presented the Cost-Benefit Analysis of Foundations and Other Affiliated Organizations Report for FY20. Under the current policy, UW Systems institutions must prepare this analysis for any such entity that receives more than \$100,000 a year in administrative support (half of these are primary fundraising foundations and alumni associations). Eighty-two (82) foundations were identified for this report, with UW-Madison accounting for thirty-eight (38) of the total. For FY 18-19, UW System institutions received \$327.2M from these primary fundraising foundations, while providing \$8.9 million in administrative support.

The meeting adjourned at 11:44 AM.

Respectfully submitted,



Joyce E. Jackson
Recording Secretary