

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Business & Finance Committee

Via Webex Videoconference

Thursday, June 4, 2020

10:30 a.m. – 12:00 p.m.

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the February 6, 2020 Meeting of the Business & Finance Committee
- D. Trust Funds Quarterly Investment Report
- E. Approval of Option Periods in the UW System Contract with Instructure
- F. Approval of a UW-Madison Contractual Service Agreement with Attainment Holdco, LLC d/b/a InStride
- G. Approval of an Exception to Regent Policy Document 31-15, "Large Unendowed Bequests or Gifts"
- H. Report of the Vice President(s)
 - 1. Updates Related to COVID-19
 - 2. Administrative Transformation Program (ATP) Update

**UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
QUARTERLY INVESTMENT REPORT AS OF MARCH 31, 2020**

REQUESTED ACTION

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

SUMMARY

As of March 31, 2020, UW System Trust Funds assets totaled \$565.9 million, comprised of \$422.14 million in the Long Term (endowment) Fund and \$143.76 million in the Income Cash Fund (a component of the State Investment Fund). Cash flows into/out of the SWIB-managed portfolios for the period included a \$2,308,256 withdrawal from the Long Term Fund, which consisted of a \$564,028 sale from the public market funds and \$1,744,228 in excess cash distributed from the legacy private market funds in excess of capital calls. An additional \$44,297 was contributed to the SWIB managed funds for payment of fees.

A new strain of coronavirus that took hold in Wuhan, China in December increasingly dominated markets over the quarter. Declared a pandemic by the World Health Organization in March, the outbreak led to borders closing, the lockdown of regions and countries and the shutdown of entire sectors. The Fund's public equity investments decreased -22.16% during the quarter, while the bond investments returned 3.40% and the inflation sensitive investments gained 1.64%. The private markets portfolio returned -0.02%.

For the quarter ended March 31, the well-diversified Long Term Fund decreased in value -10.90% (before fees), while the UW Fund Custom Benchmark decreased -10.99%. The Income Cash Fund gained 0.36% for the period.

Presenters:

- Charles Saunders, Executive Director, UW System Administration Office of Trust Funds
- Robert Thornton, Senior Business Analyst, State of Wisconsin Investment Board

BACKGROUND

The attached UW System Trust Funds Quarterly Investment Review as of March 31, 2020, prepared by the State of Wisconsin Investment Board (SWIB), provides the following information: 1) an overview and summary of total Trust Funds assets, investment performance, and cash flows to/from the SWIB-managed portfolios for the period; 2) a market discussion and commentary section; 3) market overview indicators; 4) asset allocation information; 5) more detailed investment performance information at the overall Fund as well as individual asset class levels; and 6) in the appendix, detailed “fact sheets” for each of the BlackRock common trust index funds, which have been selected by SWIB to provide for Trust Funds’ investments in public markets.

ATTACHMENTS

- A) University of Wisconsin System Trust Funds Quarterly Investment Review
March 31, 2020



University of Wisconsin System Trust Funds



Quarterly Investment Review
March 31, 2020

UW System Trust Funds: Overview and Investment Summary

Quarter Ended March 31, 2020

Investment Objective

To achieve, net of administrative and investment expenses, reasonable, attainable and sustainable returns over and above the rate of inflation. SWIB seeks to achieve this objective through the use of passive, externally-managed, public markets funds.

Market Values as of March 31, 2020

Total Public Market Assets ¹	\$352,556,441
Total Legacy Private Market Assets ¹	\$69,516,430
Other Cash and Accruals ²	\$68,039
Total UW System Long Term Fund³	\$422,140,909
Income Cash Fund (State Investment Fund 'SIF')⁴	\$143,759,000

¹ Market values are net of accrued external investment management fees, and internal UW fees.

² Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

³ Market values are net of SWIB internal and external investment management fees, custody & middle office fees, other pass through fees accrued and paid, and internal UW fees.

⁴ Data is sourced from the Quarter End Pool Sheets provided by the DOA and represents the monies available in UW Funds 161 and 162 (STAR account(s) 51100 and 51200).

Performance for Quarter Ended March 31, 2020

	Jan-20	Feb-20	Mar-20	3 Months
UW System Long Term Fund (Gross of Fees)	0.02%	-3.50%	-7.69%	-10.90%
UW System Long Term Fund (Net of All Fees) ⁵	0.01%	-3.50%	-7.70%	-10.92%
UW Fund Custom Benchmark	0.02%	-3.54%	-7.74%	-10.99%

⁵ Returns are net of SWIB internal and external investment management fees, custody & middle office fees, and other pass through fees accrued and paid. Returns are gross of internal UW fees.

Contributions/Withdrawals for Quarter Ended March 31, 2020

UW System Long Term Fund - Public Markets ⁶	(\$564,028)
UW System Long Term Fund - Private Markets ⁷	(\$1,744,228)
UW System Long Term Fund Contributions for Fees	\$44,297
UW System Long Term Fund Fees Expensed ⁸	(\$139,627)

⁶ Amount represents the net of new contributions and withdrawals by UWS, including endowment spending distributions, assessment of UWS internal fees, as well as reallocations among the public and private market portfolios.

⁷ Distributions from StepStone and other private market underlying funds are net of external investment management fees paid.

⁸ Fees expensed can include external and internal management fees, custody & middle office fees, and other pass through fees accrued and paid from both the public and private market accounts.

Performance and Market Discussion

For the quarter ended March 31, the UW investment portfolio returned -10.90% compared to the Fund's benchmark return of -10.99%.

A new strain of coronavirus that took hold in Wuhan, China in December increasingly dominated markets over the quarter. Declared a pandemic by the World Health Organization in March, the Covid-19 outbreak led to borders closing, the lockdown of regions and countries and the shutdown of entire sectors. Policymakers responded swiftly with concerted waves of measures. Central banks around the world delivered a swathe of emergency rate cuts, launched or massively expanded quantitative easing (QE) programs and strove to maintain lending liquidity to avert a credit crunch. Global leaders borrowed wartime rhetoric as their governments added massive fiscal stimulus that could amount to more than 10% of national GDP, which is unparalleled in peacetime.

The possible economic damage from the virus drove wild swings in financial markets amid a depth of risk-off fear not seen since the global financial crisis. Plunges in risk markets triggered circuit breakers that halted equity trading sessions. Fears over the impact of the virus pushed oil prices into freefall. The collapse was exacerbated by the start of a price war between Saudi Arabia and Russia, which left Brent crude at US\$22.74 a barrel and WTI at US\$20.48 a barrel. Sovereign bonds initially rallied strongly in the risk-off environment. This saw yields fall below 1% across all maturities of US Treasuries for the first time in history. The 10-year yield hit record lows on March 9th in the US (0.54%), however, as the scale of the fiscal response dawned on investors in terms of unprecedented government deficits and bond issuance, sentiment turned abruptly in mid-March. Yields sharply retraced their earlier moves, which left the 10-year US Treasury yield 125 basis points (bps) lower over the three months at 0.67%.

The US Federal Reserve (Fed) led the global monetary policy response to the coronavirus. It cut interest rates twice in March at unscheduled meetings to take its benchmark to just above zero. The Fed also moved to boost quantitative easing (QE) bond purchases by at least \$700 billion and soon upgraded that pledge to unlimited QE. In its statement, the Fed said that it "will continue to purchase Treasury securities and agency mortgage-backed securities in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broader financial conditions". The central bank announced several further actions, including letting banks borrow cheaply for as long as 90 days and reducing reserve requirement ratios to zero. It also combined with the central banks of Japan, the UK, the Eurozone, Canada and Switzerland to ensure dollars are available around the world.

In rapid succession, major governments added fiscal measures. US politicians agreed on a \$2 trillion package of spending and tax breaks to support the economy. Just days later, President Trump called for another \$2 trillion to be spent on infrastructure projects. The speed and scale of the outbreak rendered much historical data meaningless although the impact of the sweeping business closures on the US labor market was shocking in its severity. The number of people seeking jobless benefits surged to 3.28m in the week of March 21st and 6.65m the week after, dwarfing previous highs. Paralyzed activity across broad sectors led to purchasing managers' index (PMI) readings from around the world confirming the biggest slump in manufacturing output since the global financial crisis. There was a tentative glimmer of hope as China, from where the coronavirus originally spread, saw its factory sector unexpectedly return to expansion in March after recording a record low in February. Although early in recovery, China's experience offers hope that economies can recover quickly once lockdown restrictions are lifted. The improvement in China almost entirely accounts for a slight rise in the JPMorgan global manufacturing PMI in March. Excluding China, it was at its lowest level since May 2009.

Equity Performance

The UW System's combined equity portfolio returned -22.16% during the quarter versus the combined equity benchmark return of -22.22%.

Global equities as measured by the MSCI ACWI Index experienced a decrease of -22.44% during the quarter. The U.S. broad-market Russell 3000 Index decreased 20.90% during the quarter.

UW System Trust Funds: Market Discussion & Commentary
Quarter Ended March 31, 2020

Fears of the coronavirus outbreak and its economic toll continued to drive unprecedented levels of financial market volatility. The VIX index of near-term stock market volatility surged to its highest level since the financial crisis and the S&P 500 experienced its quickest bear market contraction on record. Economic activity has fallen to a standstill with Purchasing Managers Index across the globe registering at their lowest levels on record and jobless claims surged. In late March, the U.S. saw a record number of initial claims as 3.3 million people filed claims for unemployment benefits while the consensus estimate was 1.4 million.

All sectors tumbled but the strongest returns in the Russell 3000 Index came from Information Technology (-12.89%), Health Care (-13.14%) and Consumer Staples (-13.44%). The lowest sector returns were from Energy (-51.98%), followed by Financials (-32.73%) and Materials (-28.04%).

The MSCI World ex-U.S. Index returned -23.26% during the quarter.

In continental Europe, Italy (-29.2%) and Spain (-29.7%) were among the worst performers as the COVID-19 outbreak in Italy intensified in late February and virus-related measures started to disrupt economic activities in the broader region with both France (-27.5%) and Germany (-26.9%) dragging the index down. The globally integrated European economy is particularly vulnerable to global supply chain disruptions, posing downside risks to growth. Macro data across the region already showed a significant negative impact, as export orders sharply declined.

In the Asia Pacific region, Japan outperformed relatively (-16.75%) while the country is likely to see a technical recession after a contraction in its Q4 2019 GDP growth due to a sales tax hike and as COVID-19 hit Japan's tourism and trade in the first quarter. Both Singapore (-28.2%) and Australia (-33.2%) suffered from record drawdowns on coronavirus fears.

On the policy front, global governments have unleashed large stimulus packages to combat the shock on the economy. The U.S. passed several fiscal stimulus measures, including a \$2 trillion relief bill to send money directly to Americans. Separately, monetary policy moved toward accommodation as the Federal Reserve cut the policy rate to 0% and pledged to buy as much government-backed debt as needed to bolster the markets for housing and Treasury bonds. Furthermore, it announced it would buy corporate bonds, including the riskiest investment-grade debt, for the first time in its history.

Emerging markets, as represented by the MSCI EM Index, decreased -23.59% for the quarter.

All sectors were in a sea of red, with the energy sector (-39.8%) declining the most in the quarter. Healthcare (-8.5%) and consumer services (-9.6%) outperformed in the region as the exposures saw stronger demand amid the Coronavirus outbreak. Through a country lens, China outperformed the region in recent global selloffs, falling only -10.3% since the beginning of the year, versus -23.59% in the broader EM index. Chinese equities have been supported by strong monetary and fiscal easing measures to fight the economic impact of COVID-19 while the recent drop in oil prices and slower inflation growth may give the Peoples Bank of China more room to ease policy from what was already very accommodative short term rates in real terms. New cases in China continued to dwindle, suggesting that coronavirus cases have peaked in China. Outside China, Taiwan (-19%) and South Korea (-22.6%) have flattened the coronavirus curve and are expected to see economic recovery soon.

In emerging EMEA, Russia (-36.3%) underperformed after the country's price war with Saudi Arabia triggered a major fall in the price of oil, with crude oil prices falling by 66.8% year-to-date, hitting decade lows.

In Latin America, Brazil was the world's worst-performing major equity market in the first quarter, plunging more than 50%. While the country faced reduced growth expectations from the coronavirus outbreak, a -22% fall in the real exchange rate and the collapse in oil prices drove heavy selling. Elsewhere in South America, Colombia (-49%) and Argentina (-39%) also experienced significant sell-offs in the first quarter.

Fixed Income Performance

UW System's Government/Credit index fund returned 3.40% for the quarter. The benchmark Bloomberg Barclays U.S. Government/Credit Bond Index posted a return of 3.37% during the quarter.

The US market witnessed one of the most tumultuous starts to the year in history as US investors began to digest the COVID-19 outbreak. The US rates market moved to unprecedented lows, with 10-year real rates touching a historic low of -0.56% after liquidity became increasingly challenged amid market volatility in March. 30-year real yields breached negative territory for the first time and ended the quarter at -0.08%. The emergence of an oil "price war" between OPEC leadership and Russia earlier in March further fueled the flight-to-quality rally, with oil falling ~56% to end the month at ~\$20 per barrel.

Inflation Sensitive Performance

The Bloomberg Barclays US TIPS Index returned 1.69% for the quarter ended March 31st. The UW System's TIPS portfolio underperformed slightly, returning 1.64%.

The US Federal Reserve (Fed) lowered interest rates by 150 bps through two emergency rate cuts, effectively bringing the Fed Fund Target rate to 0.00% - 0.25%. The measure was accompanied by a \$700 billion purchase program of which \$500 billion was in treasury purchases. The market saw more interest in the inflation market closer to the end of the month, as the Fed announced on March 23rd that it will buy an unlimited amount of government debt, as well as corporate and municipal bonds, a significant increase from the \$750 billion announced previously. It was an encouraging sign as the Fed's purchase program began to sufficiently take TIPS exposure off dealers' books, improving liquidity in the TIPS market. The February CPI was higher than expected at +2.3% year-over-year alongside core CPI at +2.4% year-over-year.

The FTSE EPRA/NAREIT Developed Index returned -28.53% during the quarter, while the UW System's REIT portfolio returned -28.49%, slightly outperforming the index by 4 basis points.

REITs came under tremendous stress during March as short-term funding market volatility spiked, market liquidity became increasingly porous across a range of markets and instruments including mortgage assets, and growth concerns rose sharply while rates fell. Funding market dislocations in early March led to a series of margin calls and fire sales which exacerbated poor market liquidity conditions and in turn led to higher market volatility and further selling pressure. Temporary dislocations in secondary market liquidity for mortgage assets also compounded losses.

Funding market dislocations led leverage to collapse while porous secondary market liquidity and general growth fears abetted steep performance declines.

Global markets and risk appetite ended the first quarter on a slightly firmer footing as major central banks stepped in as lenders of last resort. The Fed unveiled a series of credit and liquidity facilities and pledged an unlimited amount of quantitative easing to purchase treasuries and mortgage assets to ensure adequate liquidity and financing. The ECB has taken similar measures, though of smaller size, while the BOJ increased its REITs and ETF purchases. REITs briefly rallied alongside other risk assets towards the end of the first quarter, however the market's attention has now shifted from funding liquidity and leverage concerns to the ability of occupants to pay their rents and mortgages.

Legacy Private Markets Performance

The legacy private markets funds, consisting of Adams Street Partners, JP Morgan, and TRG funds returned -0.02%.

Asset Allocation

Public Markets allocations ended the quarter with 52.0% in equities, versus a target of 57%; 23.0% in fixed income, versus a target of 20%; and 25.0% in inflation sensitive assets, versus a target of 23%. The UW System withdrew \$2,308,256 from the investment funds during the quarter, which was sourced from both the BlackRock funds (\$564,028) and from StepStone (\$1,744,228), where cash had accumulated due to distributions from the legacy private market funds being in excess of capital calls.

UW System Trust Funds: Market Overview

Quarter Ended March 31, 2020

Economic Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
GDP Growth Rate (current dollars) ¹	0.96%	0.96%	4.00%	4.42%	3.96%	4.01%
CPI Growth Rate	0.86%	0.86%	1.96%	2.06%	1.88%	1.76%

** All returns and growth rates greater than 1 year are annualized.*

¹ The GDP growth rate is not adjusted for inflation.

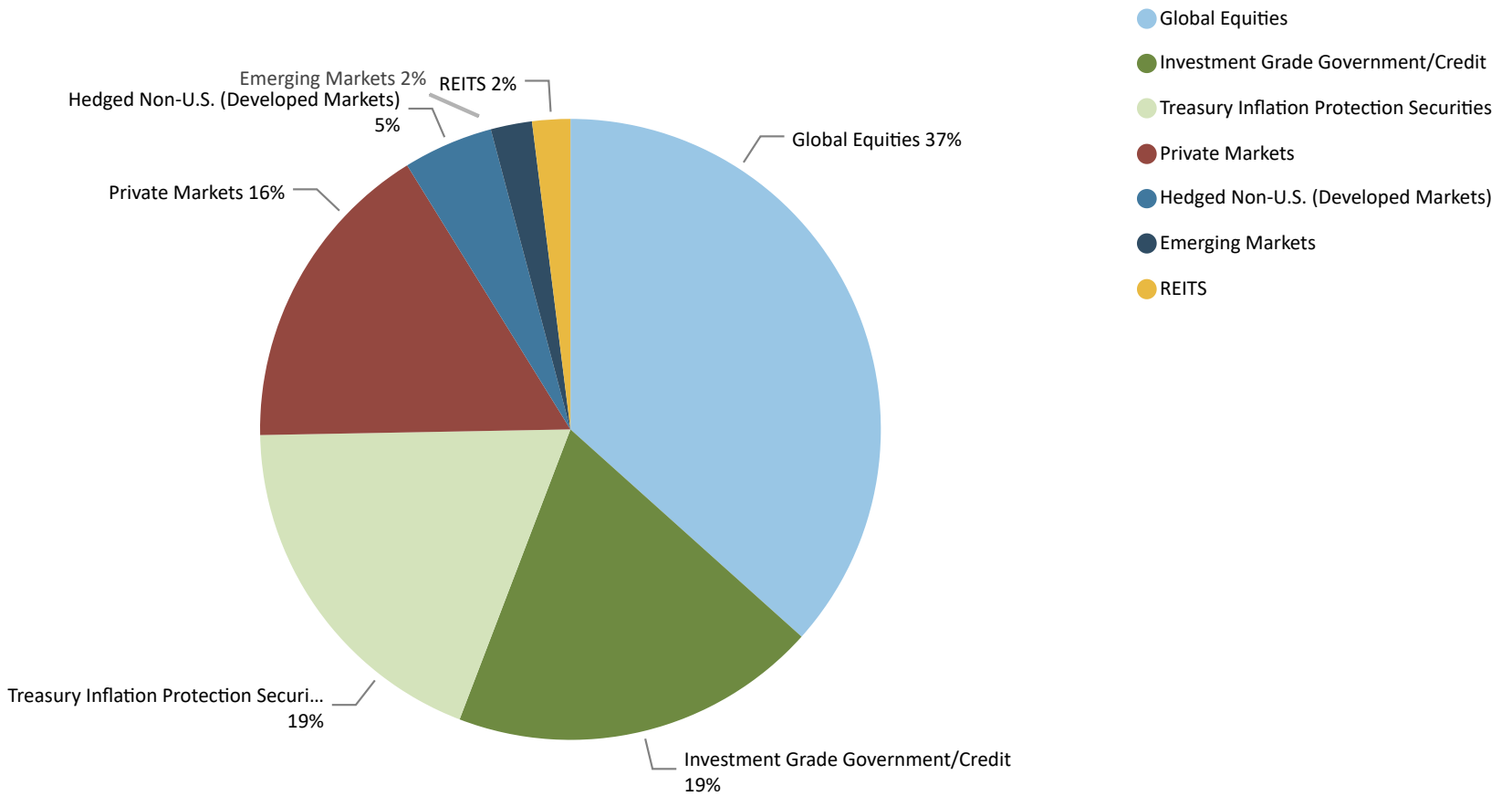
Market Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Large Cap Stocks (S&P 500 Index)	-19.60%	-19.60%	-6.98%	5.10%	6.73%	10.53%
U.S. Small Cap Stocks (Russell 2000 Index)	-30.61%	-30.61%	-23.99%	-4.64%	-0.25%	6.90%
U.S. Broad Market Stocks (Russell 3000 Index)	-20.90%	-20.90%	-9.13%	4.00%	5.77%	10.15%
International Stocks (MSCI World ex US Index)	-23.26%	-23.26%	-14.89%	-2.07%	-0.76%	2.43%
International Stocks - Local Currency (MSCI World ex US Index)	-20.52%	-20.52%	-12.76%	-1.86%	-0.14%	4.23%
Emerging Markets Stocks (MSCI EM Net Index)	-23.60%	-23.60%	-17.69%	-1.62%	-0.37%	0.68%
Global Stocks (MSCI ACWI Net Index)	-22.44%	-22.44%	-12.73%	0.76%	2.45%	5.80%
Government/Credit (Bloomberg Barclays Capital Gov/Credit)	3.37%	3.37%	9.82%	5.17%	3.54%	4.14%
U.S. TIPS (Bloomberg Barclays U.S. TIPS Index)	1.69%	1.69%	6.85%	3.46%	2.67%	3.48%
Real Estate (FTSE EPRA/NAREIT Developed Net Index)	-28.53%	-28.53%	-23.97%	-3.85%	-2.06%	4.40%

** All returns and growth rates greater than 1 year are annualized.*

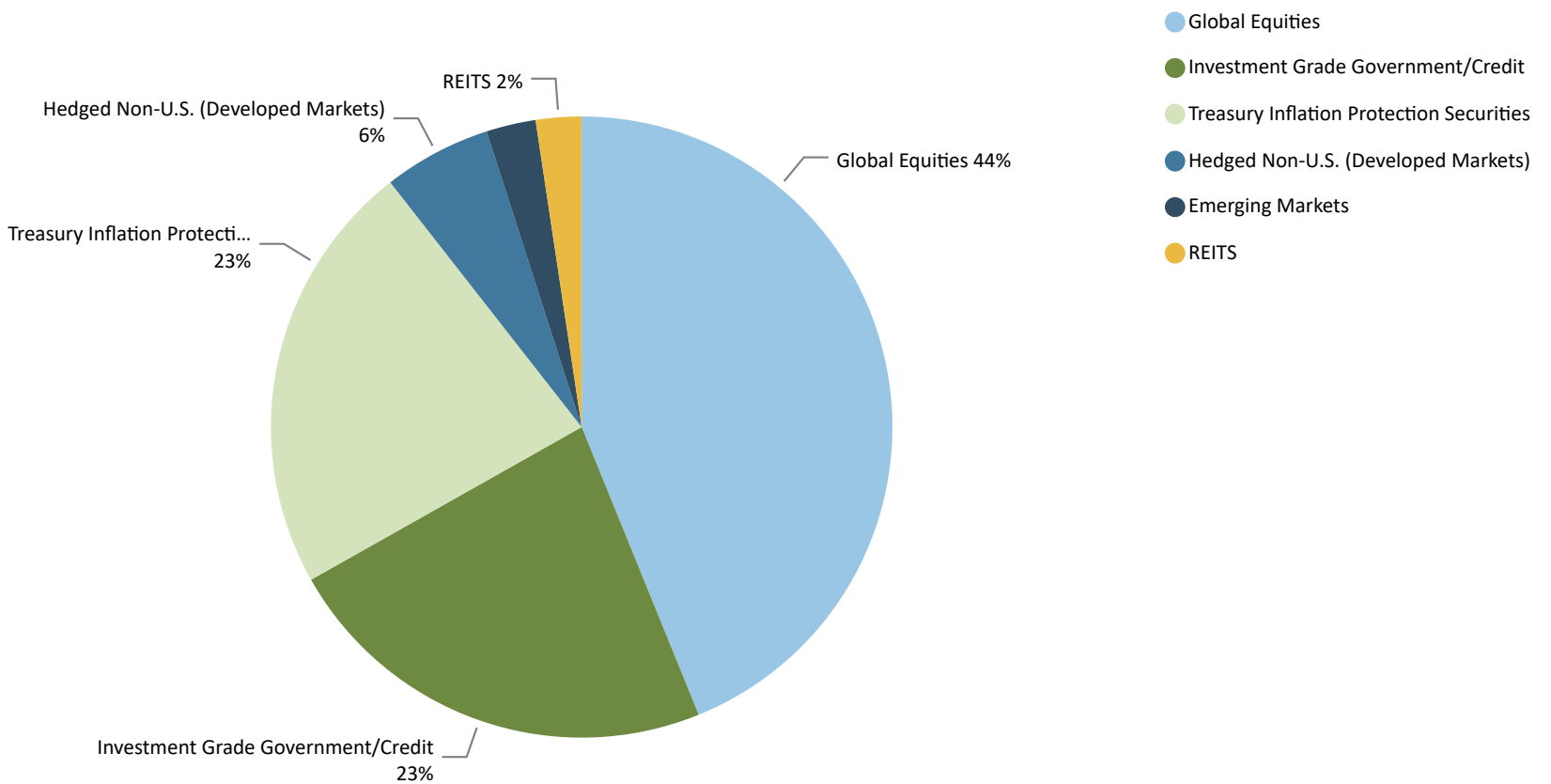
UW System Trust Funds: Asset Allocation

Quarter Ended March 31, 2020

UW System Long Term Fund



UW System Long Term Fund - Public Markets Only



* Asset Class Allocation percentages are derived using the Net of Fee market value. Sum of asset class market values may not equal total level Net of Fee market value due to the exclusion of fund level other cash and accruals. Excluded amount is immaterial.

UW System Trust Funds: Actual Versus Target Asset Allocation
Quarter Ended March 31, 2020

Asset Class/Strategy	Current Allocation (\$)	Current Allocation (%)	Target Allocation (%)	Min./Max. Guidelines
Total Public Markets	\$352,556,441	100.0%	100.0%	
Public Equities ¹	\$183,476,561	52.0%	57.0%	51-63%
Global Equities	\$154,614,387	43.9%	48.0%	44-52%
Hedged Non-U.S. Equities (Developed Markets)	\$19,786,394	5.6%	6.0%	5-7%
Emerging Markets Equities	\$9,075,780	2.6%	3.0%	2-4%
Fixed Income	\$80,962,705	23.0%	20.0%	18-22%
Investment Grade Government/Credit	\$80,962,705	23.0%	20.0%	18-22%
Inflation Sensitive	\$88,117,175	25.0%	23.0%	20-26%
TIPS (Treasury Inflation Protection Securities)	\$79,747,724	22.6%	20.0%	18-22%
REITS (Real Estate Investment Trusts)	\$8,369,451	2.4%	3.0%	2-4%
Private Markets ²	\$69,516,430			
Terrace Holdings II	\$69,516,430			
Other Cash and Accruals ³	\$68,039			
Long Term Fund Total Assets ⁴	\$422,140,909			

¹ There is a statutory limitation of 85% maximum exposure to public equities. (§36.29)

² Private Markets is not included in the target allocation. The Terrace Holdings II Fund comprises private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

³ Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

⁴ Market values are net of SWIB internal and external investment management fees, custody & middle office fees, other pass through fees accrued and paid, and internal UW fees.

Rebalancing Policy:

The asset allocation of fund investments shall be reviewed at the end of each quarter. Quarterly net capital flows to/from the UW System shall be utilized to rebalance toward the target allocations. If the allocation by asset class falls outside the rebalance range following quarterly cash flows, assets will be systematically rebalanced back to the target allocation as soon as practicable and in any event prior to the next quarterly net capital flows. Only the Public Markets allocations will be included in any rebalancing. The legacy Private Markets investments will receive additional inflows based only upon past commitments. No new commitments will be made to private markets. Eventually the legacy Private Markets investments will self-liquidate as distributions are made from existing funds without any new commitments.

Guidelines

Current SWIB Guidelines for UW can be found at <https://www.swib.state.wi.us/statutes-guidelines> under Board of Trustees State Investment Fund & Separately Managed Funds Investment Guidelines.

UW System Trust Funds: Investment Performance Analysis

Quarter Ended March 31, 2020

Performance results for the UW System Long Term Fund are shown below, both graphically and in table format.

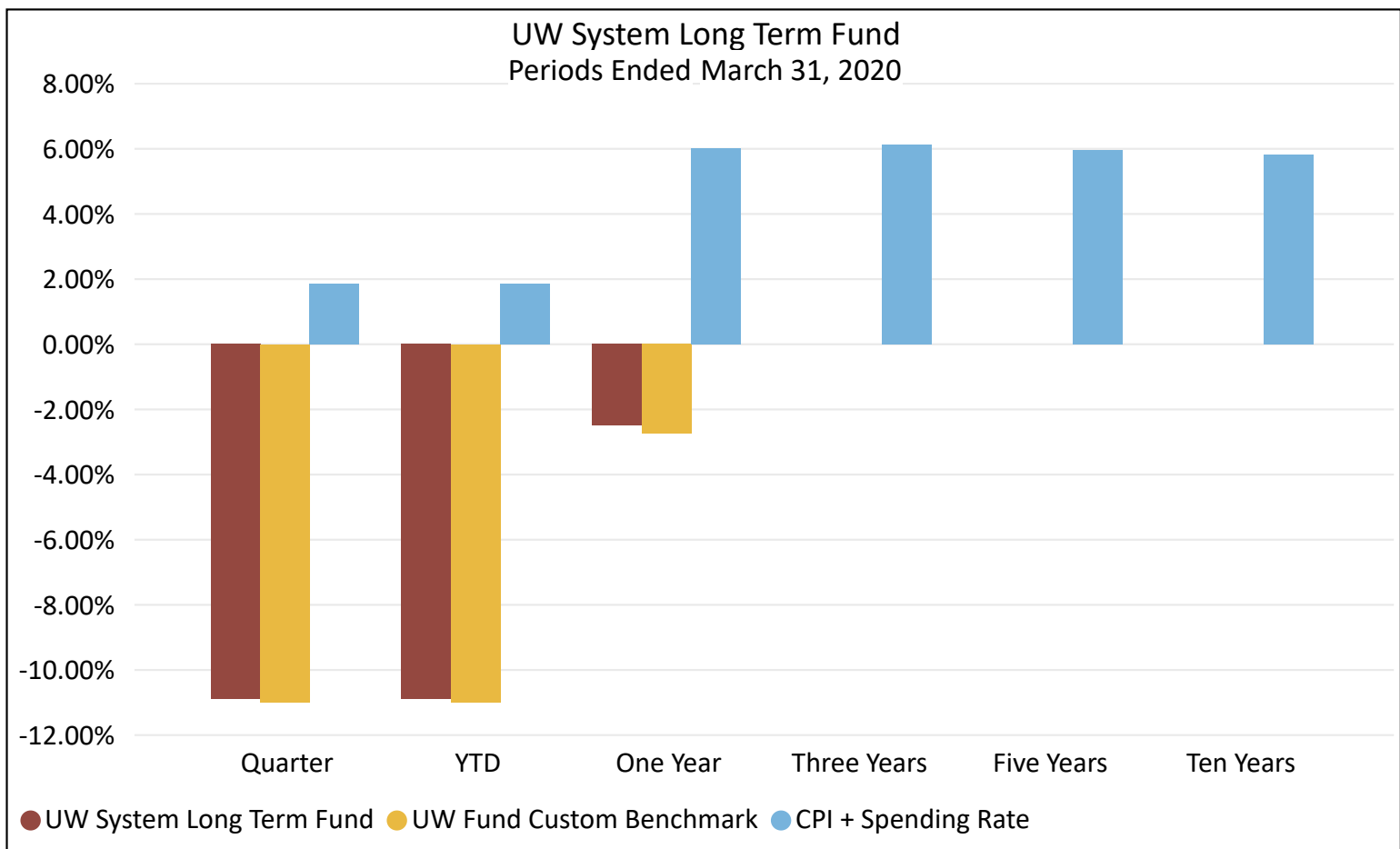
Fund and Benchmark Performance Data	Quarter Ending	Year to Date	One Year	Three Years	Five Years	Ten Years
UW System Long Term Fund	-10.90%	-10.90%	-2.48%	0.55%	0.33%	0.17%
UW Fund Custom Benchmark	-10.99%	-10.99%	-2.74%	0.35%	0.21%	0.11%
Consumer Price Index (CPI)	0.86%	0.86%	1.96%	2.06%	1.88%	1.76%
CPI + Spending Rate ³	1.85%	1.85%	6.03%	6.13%	5.95%	5.83%
Income Cash Fund (SIF) ⁴	0.36%	0.36%	2.00%	1.74%	1.18%	0.66%

1 The UW System Long Term Fund's return is a gross of fees return.

2 The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends). The Private Markets Benchmark change has been approved by both the Investment and Benchmark Committees.

3 The annual spending rate is 4.0% and the change in CPI is used as the inflation indicator.

4 Relevant to the extent recipients have allocated a portion of their funds to the Income Cash Fund (SIF). The Income Cash Fund (SIF) is used for receiving spending distributions from the Long Term Fund. UW investment account holders may also allocate a portion of their expendable principal to this fund.



UW System Trust Funds: Fund and Benchmark Performance Data by Asset Class

Quarter Ended March 31, 2020

Asset Class/Strategy	Quarter	YTD	One Year	Since Inception
UW System Long Term Fund				
Gross of Fees	-10.90%	-10.90%	-2.48%	0.83%
Net of Fees	-10.91%	-10.91%	-2.54%	0.77%
Net of All Fees	-10.92%	-10.92%	-2.59%	0.71%
UW Fund Custom Benchmark ¹	-10.99%	-10.99%	-2.74%	0.53%
Public Equities				
Gross of Fees	-22.16%	-22.16%	-12.46%	-5.41%
Net of Fees	-22.17%	-22.17%	-12.49%	-5.43%
UW Public Equity Benchmark ²	-22.22%	-22.22%	-12.70%	-5.73%
Blackrock MSCI ACWI Index Fund B				
Gross of Fees	-22.34%	-22.34%	-12.33%	-5.27%
Net of Fees	-22.34%	-22.34%	-12.35%	-5.29%
MSCI ACWI IM Net Index	-22.44%	-22.44%	-12.73%	-5.70%
Blackrock EAFE Currency Hedged Equity Index Fund B				
Gross of Fees	-20.04%	-20.04%	-10.43%	-2.77%
Net of Fees	-20.05%	-20.05%	-10.47%	-2.81%
MSCI EAFE Net 100% USD Hedged Index	-19.91%	-19.91%	-10.28%	-2.83%
Blackrock Emerging Markets Free Fund B				
Gross of Fees	-23.59%	-23.59%	-17.71%	-12.72%
Net of Fees	-23.61%	-23.61%	-17.76%	-12.77%
MSCI Emerging Markets Net Dividend Index	-23.60%	-23.60%	-17.69%	-12.70%
Fixed Income				
Blackrock Government/Credit Bond Index Fund B				
Gross of Fees	3.40%	3.40%	9.97%	7.27%
Net of Fees	3.39%	3.39%	9.95%	7.25%
Bloomberg Barclays U.S. Government/Credit Bond Index	3.37%	3.37%	9.82%	7.12%
Inflation Sensitive				
Gross of Fees	-2.27%	-2.27%	3.03%	3.72%
Net of Fees	-2.27%	-2.27%	3.01%	3.70%
Inflation Sensitive Benchmark ³	-2.51%	-2.51%	2.62%	3.36%
Blackrock U.S. Treasury Inflation Protected Securities Fund B				
Gross of Fees	1.64%	1.64%	6.91%	4.91%
Net of Fees	1.64%	1.64%	6.90%	4.90%
Bloomberg Barclays U.S. TIPS Index, Series L	1.69%	1.69%	6.85%	4.76%
Blackrock Developed Real Estate Index Fund B				
Gross of Fees	-28.49%	-28.49%	-23.41%	-6.35%
Net of Fees	-28.51%	-28.51%	-23.48%	-6.43%
FTSE EPRA/NAREIT Developed Net Index	-28.53%	-28.53%	-23.97%	-7.20%
Private Markets				
Terrace Holdings II ⁴				
Gross of Fees	-0.02%	-0.02%	8.38%	9.25%
Net of Fees	-0.07%	-0.07%	8.14%	9.01%
UW Private Equity Benchmark ⁵	-0.07%	-0.07%	10.02%	9.95%

* Net of Fee Returns are net of accrued external manager fees (e.g. BlackRock fees.)

* Net of All Returns are net of SWIB internal and external investment management fees, custody & middle office fees, and other pass through fees accrued and paid. Returns are gross of internal UW fees.

* All Funds have an inception date of 04/01/2018.

1 The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends).

2 The "UW Public Equity Benchmark" is comprised of 84% MSCI ACW IM Net Index, 11% MSCI EAFE Net 100% USD Hedged Index, and 5% MSCI Emerging Markets Net Index.

3 The "Inflation Sensitive Benchmark" is comprised of 87% Bloomberg Barclays U.S. TIPS Index, Series L and 13% FTSE EPRA/NAREIT Developed Net Index.

4 Returns reflect 6/30/2019 values due to valuation timing lag. The net of fees and net of all returns are net of StepStone manager fees.

5 The "Private Equity Benchmark" is comprised of the net of fees return of Terrace Holdings II, a Private Equity fund of funds being administered by StepStone.

APPENDIX

MSCI ACWI IMI Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI ACWI IMI Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in U.S. and non-U.S. equity securities with the objective of approximating as closely as practicable the capitalization weighted rates of return of the markets in certain countries for publicly traded equity securities. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

Performance

Total Return % as of 03/31/2020 (return percentages are annualized as of period end)

	Q1*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-22.35	-22.35	-12.41	1.10	2.81	6.17	6.18
Benchmark return %	-22.44	-22.44	-12.73	0.76	2.45	5.80	5.81
Difference	0.09	0.09	0.32	0.34	0.36	0.37	0.37

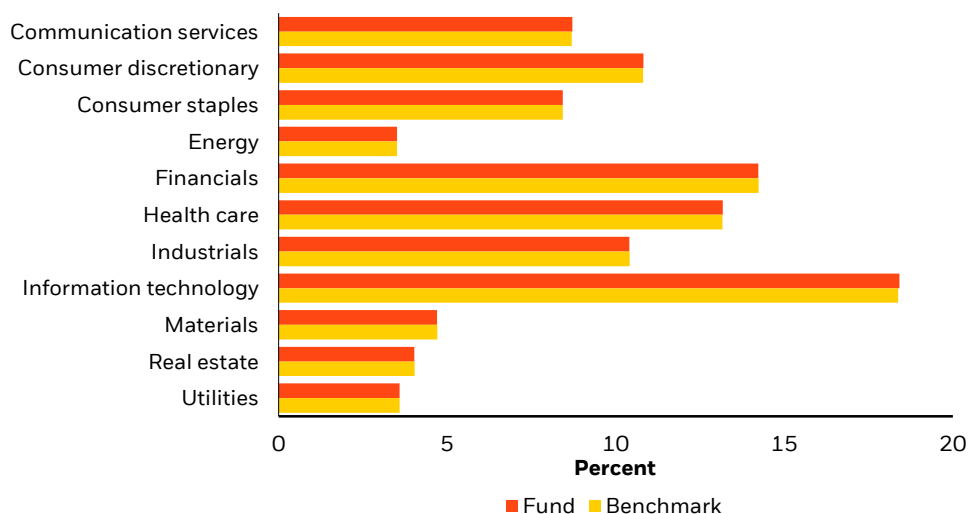
Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 03/31/2020



Sources: BlackRock, MSCI Inc.

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Investment details (as of 03/31/2020)

Benchmark	MSCI ACWI IMI Net Dividend Return Index
Total fund assets	\$2.56 billion
Fund inception date	03/23/2010

Characteristics (as of 03/31/2020)

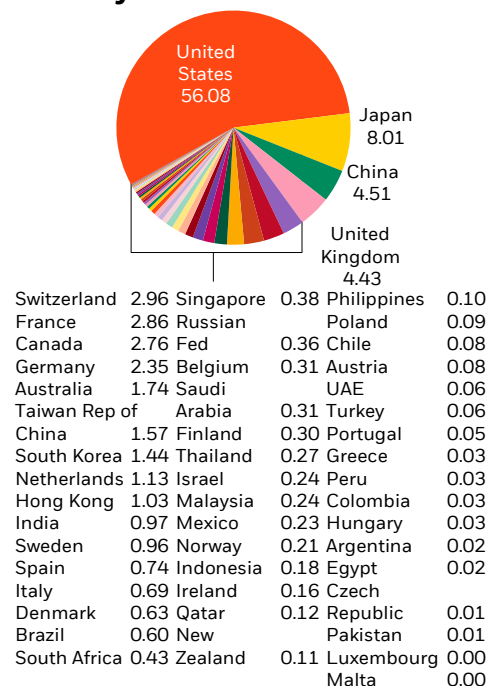
	Fund	Benchmark
Number of securities	9,017	8,971
Dividend yield	2.85	2.85

Top 10 holdings (as of 03/31/2020)

	Country	Fund (% assets)
Microsoft Corp	United States	2.54
Apple Inc	United States	2.51
Amazon Com Inc	United States	1.83
Facebook Class A Inc	United States	0.89
Alphabet Inc Class C	United States	0.80
Alphabet Inc Class A	United States	0.77
Johnson & Johnson	United States	0.77
Alibaba Group Holding ADR Represen	China	0.75
Nestle SA	Switzerland	0.67
JPMorgan Chase & Co	United States	0.63

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Country allocation (% as of 03/31/2020)



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The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

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BlackRock

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MSCI EAFE Currency Hedged Equity Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI EAFE Currency Hedged Equity Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities whose total return will approximate as closely as practicable the cap weighted total return of the markets in certain countries for equity securities outside the US, while seeking to eliminate variations based solely on the value of the currencies in the Fund as compared to the US dollar. The primary criterion for selection of investments in the Fund is the Benchmark listed herein.

Performance

Total return % as of 03/31/2020 (return percentages are annualized as of period end)

	Q1*	YTD*	1 Year*	3 Year	Since Inception
Fund return %	-20.04	-20.04	-10.44	0.36	4.47
Benchmark return %	-19.91	-19.91	-10.28	0.37	4.47
Difference	-0.13	-0.13	-0.16	-0.01	0.00

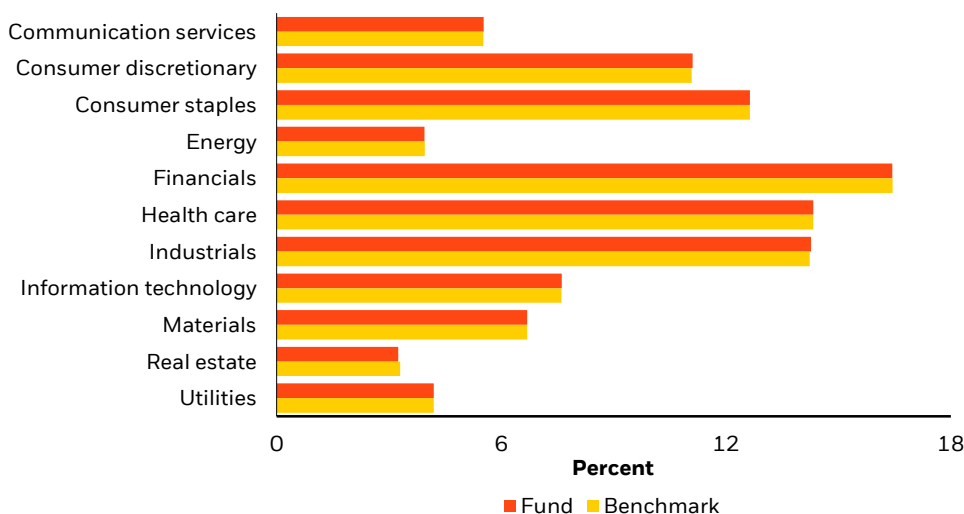
Performance disclosure:

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Sector allocation

% of Fund or Benchmark as of 03/31/2020



Sources: BlackRock, MSCI Inc.

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Investment details (as of 03/31/2020)

Benchmark	MSCI EAFE 100% Hedged to USD Net Dividend Return Index
Total fund assets	\$0.27 billion
Fund inception date	04/29/2016

Characteristics (as of 03/31/2020)

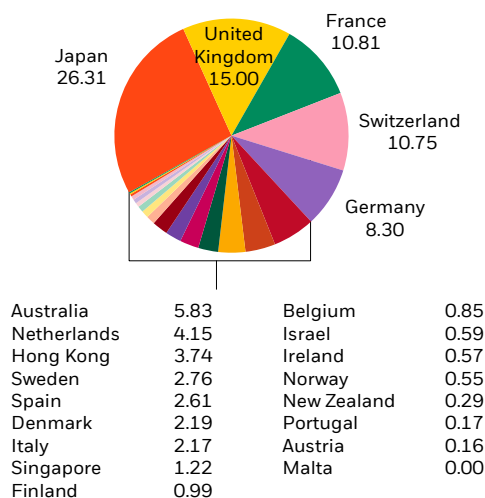
	Fund	Benchmark
Number of securities	923	918
Dividend yield	3.93	3.93

Top 10 holdings (as of 03/31/2020)

	Country	Fund (% assets)
Nestle SA	Switzerland	2.54
Roche Holding Par AG	Switzerland	1.90
Novartis AG	Switzerland	1.47
Toyota Motor Corp	Japan	1.14
AstraZeneca PLC	United Kingdom	0.97
HSBC Holdings PLC	United Kingdom	0.94
ASML Holding NV	Netherlands	0.94
SAP	Germany	0.92
AIA Group Ltd	Hong Kong	0.90
Novo Nordisk Class B	Denmark	0.88

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Country allocation (% as of 03/31/2020)



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MSCI Emerging Markets Free Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI Emerging Markets Free Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities of issuers in emerging markets, with the objective of providing returns which approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside of the United States. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

Performance

Total Return % as of 03/31/2020 (return percentages are annualized as of period end)

	Q1*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-23.60	-23.60	-17.78	-1.71	-0.46	0.60	6.14
Benchmark return %	-23.60	-23.60	-17.69	-1.62	-0.37	0.68	6.22
Difference	0.00	0.00	-0.09	-0.09	-0.09	-0.08	-0.08

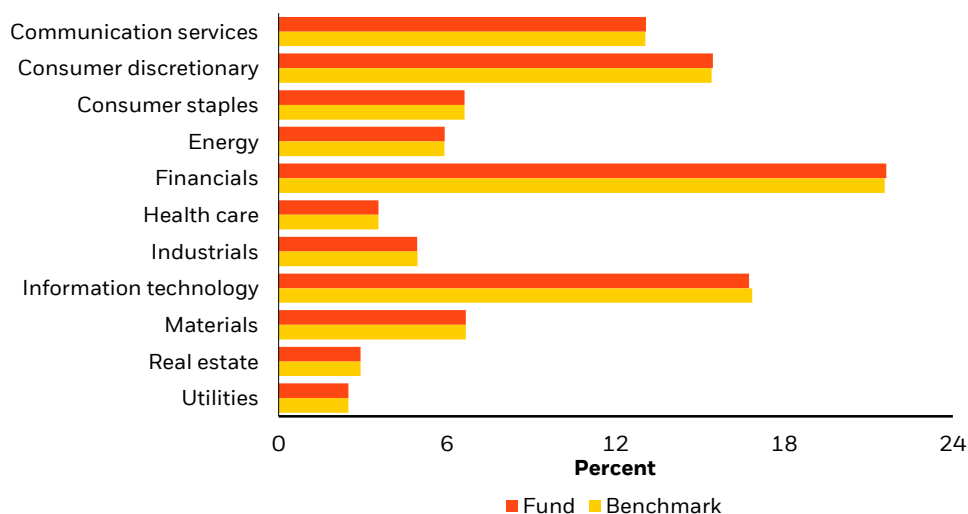
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Sector allocation

% of Fund or Benchmark as of 03/31/2020



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Investment details (as of 03/31/2020)

Benchmark	MSCI Emerging Markets Net Dividend Return Index
Total fund assets	\$6.80 billion
Fund inception date	07/31/2000

Characteristics (as of 03/31/2020)

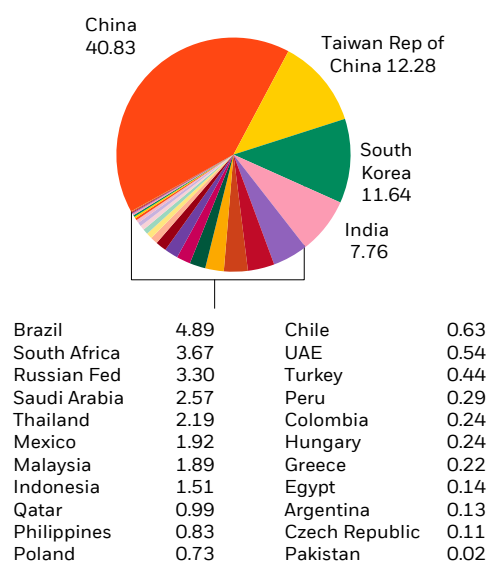
	Fund	Benchmark
Number of securities	1,411	1,404
Dividend yield	3.14	3.14

Top 10 holdings (as of 03/31/2020)

	Country	Fund (% assets)
Alibaba Group Holding ADR Represen	China	7.07
Tencent Holdings Ltd	China	5.88
Taiwan Semiconductor Manufacturing	Taiwan Rep of China	4.64
Samsung Electronics Ltd	South Korea	3.83
China Construction Bank Corp H	China	1.65
Naspers Limited N Ltd	South Africa	1.33
Ping An Insurance (Group) Co of Ch	China	1.15
China Mobile Ltd	China	0.96
Industrial and Commercial Bank of	China	0.93
Reliance Industries Ltd	India	0.88

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Country allocation (% as of 03/31/2020)



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BlackRock

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Government/Credit Bond Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The Government/Credit Bond Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return of the Benchmark listed herein.

Performance

Total return % as of 03/31/2020 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q1*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-1.13	3.38	3.38	9.92	5.28	3.66	4.25	5.96
Benchmark return %	-1.11	3.37	3.37	9.82	5.17	3.54	4.15	5.92
Difference	-0.02	0.01	0.01	0.10	0.11	0.12	0.10	0.04

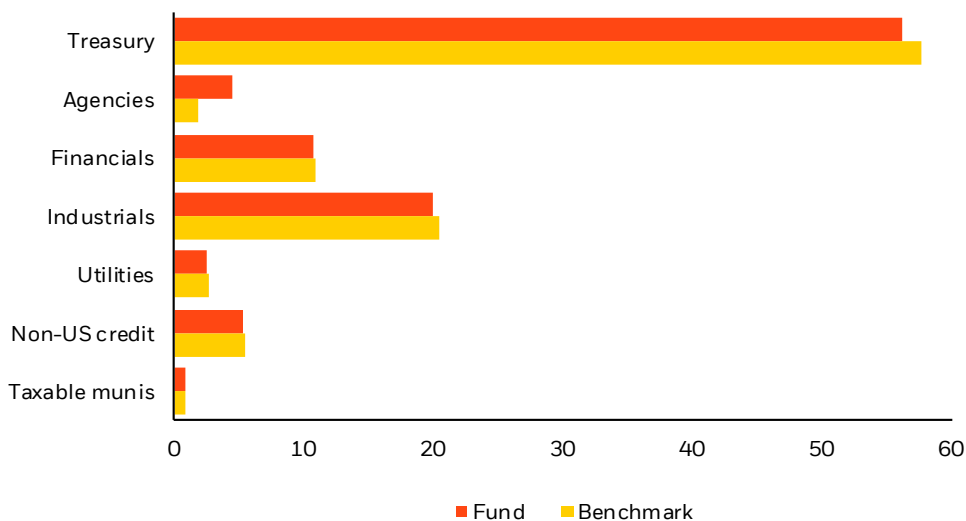
Performance disclosure:

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Sector allocation

% of Fund or Benchmark as of 03/31/2020



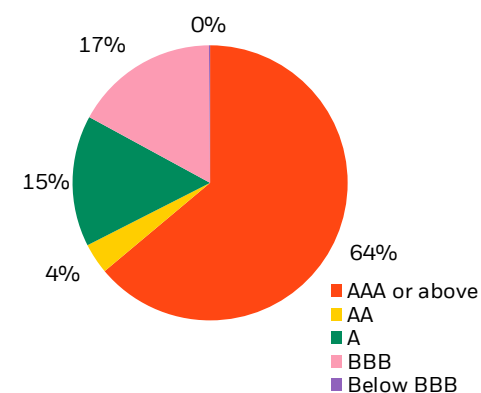
Investment details (as of 03/31/2020)

Benchmark	Bloomberg Barclays U.S. Government/Credit Bond Index
Total fund assets	\$0.26 billion
Fund inception date	03/31/1991

Characteristics (as of 03/31/2020)

	Fund	Benchmark
Number of securities	5,641	7,580
Market value (B)	\$0.26	\$16,886.97
Coupon (%)	3.33	2.95
Yield to maturity (YTM) (%)	1.66	1.66
Weighted avg life (yrs)	9.44	9.44
Effective duration (yrs)	7.00	7.01
Spread duration (yrs)	3.19	3.18
Option adjusted spread (bps)	100	100
Convexity (yrs)	1.05	1.05

Quality breakdown (as of 03/31/2020)



The credit quality of a particular security or group of securities may be based upon a rating from a nationally recognized statistical rating organization or, if unrated by a ratings organization, assigned an internal rating by BlackRock, neither of which ensures the stability or safety of an overall portfolio.

Sources: BlackRock, Bloomberg Finance L.P.

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BlackRock

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U.S. Treasury Inflation Protected Securities Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

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Performance

Total return % as of 03/31/2020 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q1*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-1.85	1.62	1.62	6.82	3.57	2.79	3.59	5.02
Benchmark return %	-1.76	1.69	1.69	6.85	3.46	2.67	3.48	4.95
Difference	-0.09	-0.07	-0.07	-0.03	0.11	0.12	0.11	0.07

Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Investment details (as of 03/31/2020)

Benchmark	Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)
Total fund assets	\$4.62 billion
Fund inception date	03/05/2002

Characteristics (as of 03/31/2020)

	Fund	Benchmark
Number of securities	42	42
Market value (B)	\$4.62	\$1,277.75
Coupon (%)	0.76	0.70
Yield to maturity (YTM) (%)	0.64	0.64
Weighted avg life (yrs)	8.38	8.34
Effective duration (yrs)	7.80	7.78
Convexity (yrs)	1.16	1.16

Sources: BlackRock, Bloomberg Finance L.P.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

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FIRate-0088

BlackRock

**For use only with existing or qualified investors in the context
of a one-on-one communication — Proprietary and confidential**

Developed Real Estate Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The Developed Real Estate Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests in US and non-US equity securities whose total return will approximate as closely as practicable the capitalization weighted total return net of dividend withholding taxes of the Benchmark listed herein. The investment universe consists of publicly traded real estate equity securities of issuers whose principal business is the ownership and operation of real estate as defined by the Benchmark listed herein.

Performance

Total return % as of 03/31/2020 (return percentages are annualized as of period end)

	Q1*	YTD*	1 Year*	3 Year	5 Year	Since Inception
Fund return %	-28.49	-28.49	-23.51	-3.08	-1.32	-0.22
Benchmark return %	-28.53	-28.53	-23.97	-3.85	-2.06	-0.95
Difference	0.04	0.04	0.46	0.77	0.74	0.73

Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Investment details (as of 03/31/2020)

Benchmark	FTSE EPRA/NAREIT Developed Index
Total fund assets	\$0.28 billion
Fund inception date	11/18/2014

Characteristics (as of 03/31/2020)

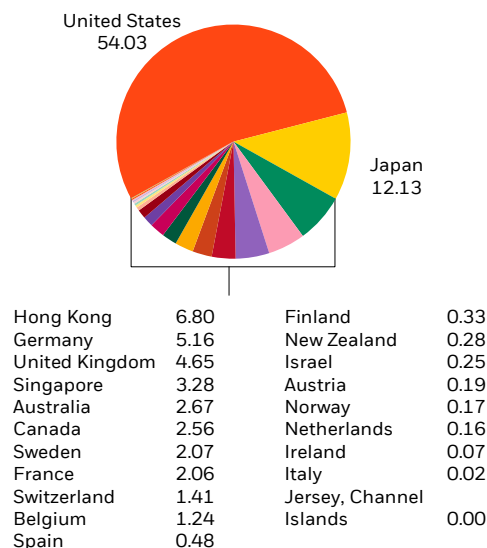
	Fund	Benchmark
Number of securities	313	334
Dividend yield	5.11	5.09

Top 10 holdings (as of 03/31/2020)

	Country	Fund (% assets)
Prologis REIT Inc	United States	4.84
Digital Realty Trust REIT Inc	United States	2.98
Public Storage REIT	United States	2.41
Vonovia SE	Germany	2.20
Equity Residential REIT	United States	1.86
Avalonbay Communities REIT Inc	United States	1.68
Sun Hung Kai Properties Ltd	Hong Kong	1.54
Welltower Inc	United States	1.54
Link Real Estate Investment Trust	Hong Kong	1.45
Mitsubishi Estate Co Ltd	Japan	1.44

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country allocation (% as of 03/31/2020)



Sources: BlackRock, FTSE International Ltd

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BES-0161

First Quarter Newsletter

Portfolio Update

The current RegentFund team will be handing over control of the portfolio to the new team in early May. In addition to outperformance, RegentFund places a heavy emphasis on principal preservation. We have positioned the portfolio defensively given the uncertainties surround the impact of Covid-19. The portfolio is overweight Treasurys and cash, and underweight investment grade and high yield. The income generated by the portfolio in Q4 was swept in early Q1 (\$60,070.40), and RegentFund expects the income generated in Q1 (\$74,635.18) to be swept in mid-April.

Performance

January: The Portfolio returned 1.81%, versus the benchmark's¹ return of 1.73%. Our outperformance was mainly attributable to curve change (14bps) and allocation (1bp), partially offset by our selection (-7bps). In IG, our performance was helped by our overweight and long duration position.

February: During the month of February, the RegentFund team underperformed the benchmark by 10bps, returning 98bps compared to benchmark which returned 108bps. As in January, our outperformance was attributable to curve change (12bps) and allocation (3bps), partially offset by selection (-24bps). In Treasurys, we were hurt by our underweight and short duration position.

March: Markets were very volatile. The portfolio lost 6.65% compared to the benchmark return of -4.91%. In March, our underperformance can be attributed to our selection (-1.62%) and allocation (-19bps), partially offset by our curve change (7bps). In IG, we were hurt by our longer duration and selection of names with excess negative Covid-19 exposure.

The returns and relative performance of each asset type are shown in Table 1. Performance attribution is shown in Table 2.

Table 1. Contribution to Return by Asset Class

Asset Class	January			February			March			First Quarter		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
IG Bonds	1.47%	1.31%	0.16%	0.76%	0.78%	(0.02%)	-6.29%	-4.48%	(1.81%)	-4.19%	-2.48%	(1.72%)
Treasurys	0.32%	0.42%	(0.10%)	0.34%	0.44%	(0.10%)	0.47%	0.56%	(0.09%)	1.13%	1.43%	(0.30%)
HY	0.01%	-0.01%	0.02%	-0.12%	-0.15%	0.03%	-0.83%	-1.00%	0.16%	-0.94%	-1.15%	0.21%
Cash	0.01%	0.01%	0.00%	0.01%	0.01%	(0.00%)	0.00%	0.01%	(0.00%)	0.02%	0.02%	(0.00%)
Total	1.81%	1.73%	0.07%	0.98%	1.08%	(0.10%)	-6.65%	-4.91%	(1.74%)	-4.03%	-2.22%	(1.81%)

Source: BNY Mellon, Bloomberg

*Numbers may not sum due to rounding

Table 2. Performance Attribution

Active Return Attribution Summary	January	February	March	First Quarter
Curve Carry	(0.00%)	(0.00%)	(0.01%)	0.00%
Curve Change	0.14%	0.12%	0.07%	0.27%
Total Curve Return	0.13%	0.11%	0.07%	0.27%
Allocation	0.01%	0.03%	(0.19%)	(0.15%)
Selection	(0.07%)	(0.24%)	(1.62%)	(1.92%)
Total Excess Return	0.07%	(0.10%)	(1.74%)	(1.81%)

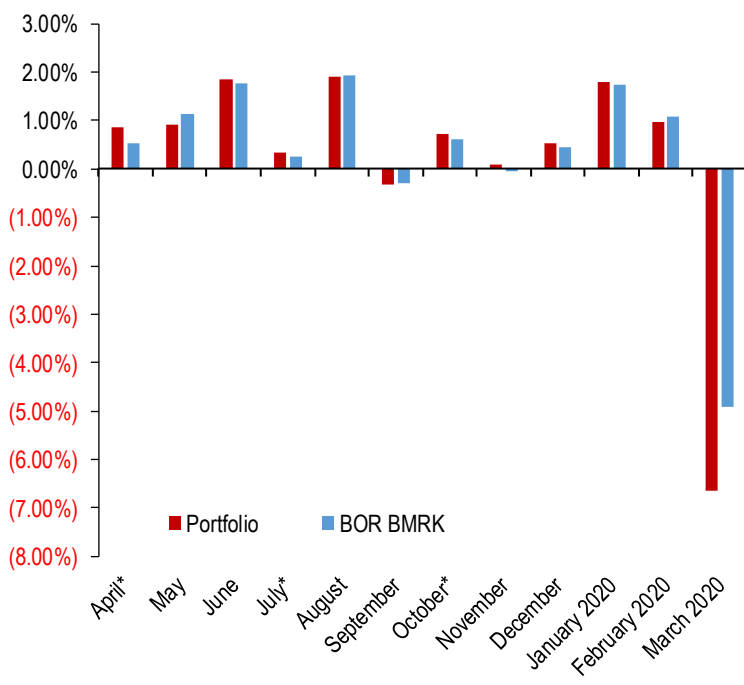
Source: BNY Mellon, Bloomberg

*Numbers may not sum due to rounding

¹ The Board of Regents portfolio benchmark is comprised of 66.5% Intermediate Corporates (C3A0), 19% Intermediate Governments (G3O2), 9.5% BB/B High Yield (H5A4) and 5% 1-month Treasury Bill (USGG1M).

Since inception, the Portfolio has underperformed the blended benchmark by 1.41%. In 1Q20, the portfolio underperformed by 1.81%. Figures 1 & 2 and Table 3 display our monthly performance relative to the benchmark.

Figure 1. Monthly Performance vs. Benchmark



Source: BNY Mellon, Bloomberg

Table 3. Monthly Performance vs. Benchmark

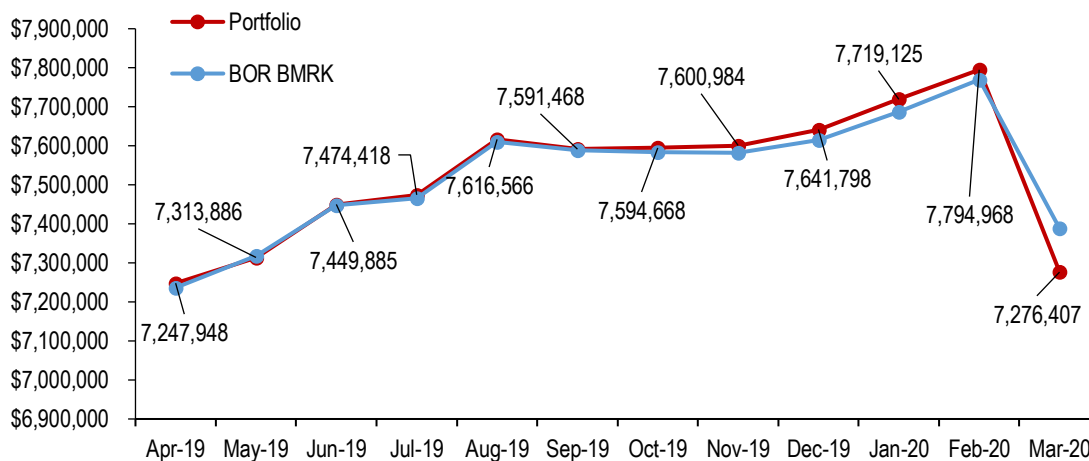
Time Period	Portfolio	BOR BMRK	Difference
April*	0.86%	0.54%	0.32%
May	0.91%	1.13%	(0.22%)
June	1.86%	1.78%	0.08%
July*	0.35%	0.25%	0.10%
August	1.90%	1.94%	(0.04%)
September	(0.33%)	(0.29%)	(0.04%)
October*	0.72%	0.63%	0.09%
November	0.08%	(0.04%)	0.12%
December	0.54%	0.44%	0.10%
January 2020	1.81%	1.73%	0.07%
February 2020	0.98%	1.08%	(0.10%)
March 2020	(6.65%)	(4.91%)	(1.74%)
Time Period	Portfolio	BOR BMRK	Difference
QTD*	(4.03%)	(2.22%)	(1.81%)
2020*	(4.03%)	(2.22%)	(1.81%)
Since Inception*	2.76%	4.16%	(1.41%)

Source: BNY Mellon, Bloomberg

*Time-Weighted Returns, values may not sum due to rounding

*Initial wire received 4/1/219, second wire received 4/30/19

Figure 2. Performance vs. Benchmark Since Inception



Source: BNY Mellon, Bloomberg

June 4, 2020

**APPROVAL OF OPTION PERIODS IN THE UW SYSTEM CONTRACT
WITH INSTRUCURE**

REQUESTED ACTION

Adoption of Resolution E., approving the two option periods in the agreement between the Board of Regents and Instructure.

Resolution E. That, upon the recommendation of the President of the UW System, the UW System Board of Regents approves the exercise of the two option periods in the Instructure Contract, contingent on them meeting contract performance requirements. This request to approve option periods is due to a technical error in stating the costs at the time of the initial contract approval.

SUMMARY

In October 2017, the Office of Procurement sought approval of a contract that was competitively awarded through an RFP to Instructure for the Canvas Digital Learning Environment software. The Business and Finance Committee and the Board of Regents approved the contract.

Canvas is the core service within the Digital Learning Environment (DLE), the mission critical system used for learning space management and communication with students, and which functions as a hub for delivery of teaching and learning activities among faculty and students enterprise-wide. Instructure has been performing well and met the uptime standards in the contract. Most recently, the DLE has facilitated the transition of thousands of in-person courses to online delivery in a matter of weeks, a large-scale success in the face of the COVID-19 pandemic. During the Spring 2020 term, nearly 5,000 instructors taught 17,459 courses using the DLE.

In 2017, the contract's executive summary correctly stated that the contract was for a three-year term at a cost of \$4,874,405, with 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 and second, two-year option periods. This was a technical error where the wrong dollar figures were stated.

The option period dollar amounts were correctly stated in Instructures' Best And Final Offer and in the contract itself. We identified the cost error at the time of signing the contract.

2017 Executive Summary Statement

First, two-year option period = \$2,002,000
Second, two-year option period = \$2,067,061
Total potential renewal option cost = \$4,069,061

Corrected Executive Summary Statement

First, two-year option period = \$ 4,064,629
Second, two-year option period = \$4,100,869
Total potential renewal option cost = \$8,165,508

The Regents did not receive a copy of the contract with Instructure itself at the time, which did include the correct renewal period amounts.

When the Office of Procurement identified the error, the Office of General Counsel was consulted on how to correct the error. OGC attached a memo to the meeting minutes noting the technical error and indicated UW System would bring the contract back to the BOR for review and approval of any option periods before they were exercised. Since the time of contract award, Instructure was purchased by Thoma Bravo.

At this time, UW System is seeking Board of Regents approval to exercise the two option periods, contingent on meeting performance requirements, with the correct renewal costs as stated in the contract.

Presenter

- Ruth Anderson, Associate Vice President for Administrative Services, UW System

BACKGROUND

Regent Policy Document 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 approval prior to execution.

Previous Action or Discussion

As noted, the contract with Instructure was approved by the Board of Regents at its October 2017 meeting.

Related Policies

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

June 4, 2020

**UW-MADISON CONTRACTUAL SERVICE AGREEMENT
WITH ATTAINMENT HOLDCO, LLC d/b/a/ INSTRIDE**

REQUESTED ACTION

Adoption of Resolution F., approving the contractual service agreement between the Board of Regents and Attainment Holdco, LLC d/b/a InStride.

Resolution F. That, upon 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 service agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and Attainment Holdco, LLC d/b/a InStride.

SUMMARY

On January 13th, UW-Madison entered into an MOU with [InStride](#), a public benefit corporation launched in early 2019 by Arizona State University (ASU) and [The Rise Fund](#), a global impact investing fund managed by [TPG](#). Since then UW-Madison negotiated a definitive agreement with InStride for consideration by the Board of Regents.

UW-Madison has a growing portfolio of online master's degrees and certificates and will offer its first fully online undergraduate degree in Personal Finance beginning in Fall 2020. As Chancellor Blank announced at the February 2019 Board of Regents meeting, UW-Madison intends to continue to grow these online offerings and, as it does so, to market them directly to prospective students as well as to employer partners.

In its pursuit of employer partnerships, UW-Madison has developed a relationship with InStride, founded as an outgrowth of ASU's own successful business development efforts (notably including a partnership with Starbucks, which has resulted in 10,000 enrollments at ASU and 3,000 graduates). InStride is a "learning services enterprise designed to achieve significant social impact through partnerships with employers to provide opportunities for employees to obtain a university education." InStride seeks to develop partnerships with a small network of high quality universities and has already announced its first global university partners in Mexico, Ireland, and Australia and its first domestic university partners: [Harvard Business School](#), [University of Washington](#), and [CUNY](#). The company has

assembled a team of top talent, led by its [CEO Vivek Sharma](#) who came to the company from Disney where he led its \$10 billion e-commerce business. The Board of Directors is led by Ray Mabus who formerly served as Secretary of the Navy and Governor of Mississippi.

UW-Madison is treating this first phase of the InStride partnership as a pilot, including one online undergraduate program (B.S. in Personal Finance) and one online non-credit program (Grief and Resilience). UW-Madison is agreeing to a revenue share on tuition for all programs of 60% to UW-Madison, 40% to InStride. UW-Madison can add additional programs that are mutually agreeable to UW-Madison and InStride at any time with an addendum to the agreement once InStride has had the opportunity to demonstrate the value of its services.

The agreement is for four years, renewable for an additional three years. The partnership requires no up-front payment to InStride; they do not receive revenue until their employer partners enroll students. All admissions and tuition pricing decisions remain entirely UW-Madison's domain.

UW-Madison's goal with InStride is to ensure the partnership generates meaningful enrollments through new corporate relationships and either strengthens or, at a minimum, does no harm to UW-Madison's existing relationships. The agreement includes a Section entitled "Employer Partner Communication and Collaboration" that outlines this collaborative approach.

Presenter:

- Laurent Heller, Vice Chancellor for Finance and Administration, UW-Madison

BACKGROUND

Regent Policy Document 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 approval prior to execution.

Related Policies

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

June 4, 2020

**UW-MILWAUKEE REQUEST FOR AN EXCEPTION TO
BOARD POLICY ON LARGE UNENDOWED BEQUESTS**

REQUESTED ACTION

Adoption of Resolution G., approving an exception of RPD 31-15 be granted to allow for the expenditure of the principal of the bequest from the Robert Meyer Trust.

Resolution G. That, upon recommendation of the Chancellor of UW-Milwaukee and the Dean of the UWM College of Letters & Science, the University of Wisconsin Board of Regents approve an exception to RPD 31-15 to allow for the expenditure of the principal of the bequest from the Robert Meyer Trust.

SUMMARY

A distribution of \$500,000 has already been received from the Robert Meyer Trust. The Trust is still in the process of dissolving. The University of Wisconsin-Milwaukee has been informed by the law firm executing the Trust that proceeds will exceed \$1.15 million. The Trust documents state the following:

Article II (G): "The balance of the trust shall be distributed equally to the following charities: **WUWM Milwaukee Public Radio with current offices at 111. E. Wisconsin Avenue, Milwaukee, Wisconsin 53202;** and, MPTV, INC. whose present address is located in Milwaukee, Wisconsin."

Robert Meyer passed away on December 10, 2019. He never married and had no children. He was an independent-minded entrepreneur who turned his love of motorcycles into a successful business on Milwaukee's south side. According to his long-time financial advisor, Mr. Meyer wanted his money to stay local and to make a difference for the community he called home for his entire life and so left this bequest to public media stations WUWM and MPTV.

UW-Milwaukee Chancellor Mark Mone and WUWM Station Manager John Hess are requesting an exception to Regent Policy Document 31-15 to allow for the expenditure of the principal of this bequest. The attached letters from the Chancellor and Station Manager

reiterate the position of WUWM and MPTV concerning the need for funds to fulfill their missions and the intention that the Meyer gift will be used for this need.

Presenter:

- Sean Nelson, Vice President, UW System Administration Office of Finance

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 \$1,000,000 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 the 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.

Related Policies

- Regent Policy Document 31-15, "Large Unendowed Bequests/Gifts"

ATTACHMENTS

- A) Letter of Support, UW-Milwaukee Chancellor Mark Mone
- B) Letter of Support, WUWM Station Manager John Hess



Office of the Chancellor

May 4, 2020

Mr. Charles D. Saunders
Executive Director, Office of Trust Funds
Suite 210, 780 Regent Street
Madison, WI. 53715

Chapman Hall
P.O. Box 413
Milwaukee, WI
53201-0413
414 229-4331 phone
414 229-2347 fax

Dear Mr. Saunders,

UW-Milwaukee has recently learned that it will receive a gift valued at approximately \$1,150,000 from the Robert Meyer Trust for the benefit of WUWM 89.7 FM, the public radio station administered through the UW-Milwaukee College of Letters & Science. UWM and the radio station are deeply grateful for this generous gift from Mr. Meyer.

UWM acknowledges that under Board of Regents policy, a gift of this size would ordinarily be used to create an endowment for long term investment. However, we would like to respectfully request that the full balance of the gift be classified as expendable and put into a new Trust Fund project, the "Robert Meyer Fund for WUWM."

WUWM will begin a long-needed strategic planning process in the coming months. This process will be led by WUWM Station Manager, John Hess, hired in January 2020 to succeed retired station manager Dave Edwards, who led the station for several decades. As described in Mr. Hess's accompanying letter, we anticipate that WUWM will need these funds for upgrades to the station's physical plant and purchases of specialized equipment, among many other program-related expenses. With the availability of the funds from the Meyer Trust, the radio station will be in a far better position to make progress on the strategic priorities identified in the plan than it will be with the monies endowed. We anticipate that such expenditures will benefit WUWM and all the communities of southeastern Wisconsin it serves for decades to come.

Thank you in advance for your consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Mone". The signature is written in a cursive, flowing style.

Mark A. Mone, Chancellor

Cc: Robin Van Harpen, Vice Chancellor for Finance & Administrative Affairs
Patricia A. Borger, Vice Chancellor for Development & Alumni Relations
Scott Gronert, Dean, College of Letters & Science
John Hess, Station Manager, WUWM 89.7 FM Radio

WUWM 89.7

MILWAUKEE'S 

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May 4, 2020

Mr. Charles Saunders, Executive Director, Office of Trust Funds
Suite 210, 780 Regent Street
Madison, WI. 53715

Dear Mr. Saunders,

We recently learned that WUWM is the beneficiary of a gift approximating \$1.15 million from the Robert Meyer Trust. The Robert Meyer Trust placed no restriction on the radio station's use of the funds; its language is as follows:

Article II (G): "The balance of the trust shall be distributed equally to the following charities: **WUWM Milwaukee Public Radio with current offices at 111. E. Wisconsin Avenue, Milwaukee, Wisconsin 53202**; and, MPTV, INC. whose present address is located in Milwaukee, Wisconsin."

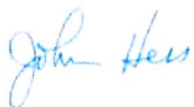
The donor, Robert Meyer, passed away on December 10, 2019. He never married and had no children. He was an independent-minded entrepreneur who turned his love of motorcycles into a successful business on Milwaukee's south side. According to his longtime financial advisor, Mr. Meyer wanted his money to stay local and to make a difference for the community he called home for his entire life and so left this bequest to public media stations WUWM and MPTV.

UWM acknowledges that a gift of this size would ordinarily be designated for long-term (endowed) use. However, WUWM respectfully requests that the full balance of the bequest be classified as expendable and put into a new Trust Fund project, the *Robert Meyer Fund for WUWM*.

WUWM will use these funds for ongoing and new programmatic and capital expenses identified in its forthcoming strategic plan. In 2020-21, WUWM will begin strategic planning to fulfill its mission to serve the community with fair, accurate and comprehensive programming. One of the priorities will be an evaluation of whether to move the station to a new home designed to meet the needs of WUWM and the community well into the future. The priorities will likely include upgrades for technology and equipment. In summary, Mr. Meyer's gift will not only provide needed support for ongoing programmatic expenses of the station; it will also provide the foundation for WUWM's future planning and anticipated major expenses associated with its future success.

Thank you for your consideration of this request.

Sincerely,



John Hess
WUWM Station Manager

