A. Calling of the Roll

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<th>October 7, 2021</th>
<th>PRESENT</th>
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<tbody>
<tr>
<td>BEIGHTOL, Scott (Chair)</td>
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<td>JONES, Mike (Vice Chair)</td>
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<td>ATWELL, Robert</td>
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<td>KLEIN, Tracey</td>
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<td>MILLER, John</td>
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<td>PETERSON, Cris</td>
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<td>RAI, Ashok</td>
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<td>WEATHERLY, Kyle</td>
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At all times, the Committee had a quorum.

B. Declaration of Conflicts

The Chair asked Committee Members to identify any conflicts. Regent Jones recused himself from voting on Item J., UW-Madison Contractual Agreement with Bristol-Myers Squibb Company.

C. Approval of the Minutes of the July 8, 2021 Meeting of the Business and Finance Committee

Upon the motion of Regent Jones and the second of Regent Weatherly, the Committee approved the minutes of the July 8, 2021 Business and Finance Committee meeting.

D. UW-Oshkosh Presentation - “From the Red to the Green”

UW-Oshkosh’s Vice Chancellor of Finance and Administration, James Fletcher, gave a presentation on a series of financial management measures undertaken by UW-Oshkosh, which over the last several years has helped to stabilize and balance the institution’s financial
posture, while still prioritizing the university’s education mission. Mr. Fletcher summarized by reporting that the FY18-FY20 success indicators consist of:

- Decreased budgeted expenditures by $8.2M and re-aligned tuition target by $6M
- Reduced staff costs by $4M due to a Voluntary Retirement Incentive Option Program
- Moved from a negative to a positive budget position
- Improved total Composite Financial Index (CFI):
  - (.95) in FY19 to .88 in FY20 based on financial statements
  - (.56) in FY19 to 1.39 in FY20 excluding GASB 68 & 75
- Completed the Financial Recovery Plan and are moving through the pandemic financially stable

Mr. Fletcher reported that the current financial position of UW-Oshkosh is one that:

- Uses a cash flow model and Plan UW budget tools to ensure expenditures align with revenue projections
- Is standing in a positive financial position and are able to invest in University initiatives, such as student support, enrollment management, IT, inclusive excellence, and grounds maintenance while reestablishing a financial reserve
- COVID-19 relief provided pandemic expense reimbursement and helped make up for lost revenue

Mr. Fletcher reported that UW-Oshkosh has had five years of budget cuts with this being the first year with no budget cuts. Additionally, he reported that this is the first year of a budget surplus, plus it’s the first year of establishing a financial reserve which is vital for prudent management. Mr. Fletcher reported that UW-Oshkosh is looking to maintain the financial equilibrium that they have established and to improve the over-all financial performance which is enabling UW-Oshkosh to complete several initiatives such as establishing a marching band. Mr. Fletcher noted that, from a financial professional’s point of view, in higher education nothing is more important than putting in place models for adequate and sound expense management. He stated that due to decreased appropriations across the country that it’s going to be very difficult to get increases in tuition and other additional revenue improvements, so expense management is going to be a key area in higher education. Chairman Beightol noted that the reports provided by Mr. Fletcher are very useful and that it’s good, when the Regents hold their meetings on the campuses, for the host campus to provide the level of detail that was provided in his report to the committee as well as to the full Board of Regents. Mr. Fletcher made himself available to answer questions from the Committee.

E. Program Revenue Balances Report for Fiscal Year 20-21

Upon the motion of Regent Miller and the second of Regent Klein, the Committee approved the UW System Program Revenue Balances Report for FY 20-21. The report noted that total unrestricted expenditures decreased by $299.4 million (or 6.7%) between FY 2020 and FY 2021. UW System Vice President for Finance, Sean Nelson, presented the report and made himself available to answer questions from the Committee. Mr. Nelson reported that Federal COVID relief totaling $289.6 million was allocated to UW System in that year, although the use of those funds was restricted to pandemic-related costs and lost revenues, and not for recurring general operating expenses. Additionally, Mr. Nelson reported the State’s decision to rescind its mandated lapse resulted in program revenue balances being higher than anticipated,
since campus budget planners had already factored in the loss of state revenue. As a result, UW System’s total unrestricted program revenue balance increased $189.1 million in FY 2020-21. This balance represents a reduction of $133.6 million (or 12.2%) since the inception of balance reporting in FY 2013. Also noteworthy is that 85.4% of the unrestricted balance is obligated for specific purposes and current balances would support about 47 days of operating, up from 32 days from last year.

F. UW System Amendment to Contractual Agreement with BP Logix, Inc

Upon the motion of Regent Atwell and the second of Regent Jones, the Committee approved to amend an existing contract with BP Logix for a business process e-Workflow Management System. Originally furnished for UW-Milwaukee, and since made available to all UW System institutions, this contract provides for setup and implementation assistance, and additional services including training, software support, and database hosting and storage. The amendment extends the contract an additional three years at an annual cost of $525,000. Renewing for three years at once, rather than in three distinct annual contracts, will reduce total costs by $98,000. UW System Director of Procurement, Brent Tilton, presented the amendment and made himself available to answer questions from the Committee.

G. UW System Collective Bargaining Agreement with the Building and Construction Trades Council of South Central Wisconsin

Upon the motion of Regent Jones and the second of Regent Miller, the Committee approved the collective bargaining agreement negotiated between UW System and the Building and Construction Trades Council of South Central Wisconsin. UW System Associate Vice President and Chief Human Resources Officer, Daniel Chanen, presented the report and made himself available to answer questions from the Committee. Mr. Chanen reported the parties negotiated for a 1.23% increase in base wages, effective January 2, 2022, through June of 2022. Mr. Chanen noted the terms of this proposed contract are consistent with those in the contracts between the Building and Construction Trades Council, the Department of Administration, and UW-Madison.

H. UW-Madison Collective Bargaining Agreement with the Building and Construction Trades Council of South Central Wisconsin

Upon the motion of Regent Rai and the second of Regent Jones, the Committee approved the collective bargaining agreement negotiated between UW-Madison and the Trades Council, under the same terms as UW System, as earlier described. UW-Madison Chief Human Resources Officer, Mark Walters, presented the report and made himself available to answer questions from the Committee.

I. UW-Milwaukee Contractual Agreement with United States Cellular Operating Company LLC
Upon the motion of Regent Jones and the second of Regent Rai, the Committee approved a space use agreement between UW-Milwaukee and US Cellular that allows the company to continue placing its equipment on campus premises which in turn will provide general purpose income for UW-Milwaukee. The initial contract was executed in 2000. The term of this new agreement is five years, with four additional five-year renewals that bring the anticipated total amount of fees paid to UW-Milwaukee in excess of $1 million. UW-Milwaukee Vice Chancellor of Finance and Administrative Affairs, Robin Van Harpen, presented the report and made herself available to answer questions from the Committee.

J. UW-Madison Contractual Agreement with Bristol-Myers Squibb Company

Upon the motion of Regent Atwell and the second of Regent Rai, the Committee approved a series of clinical trial and study contract agreements presented by UW-Madison. The first is a five-year agreement with Bristol-Myers Squibb, which allows the parties to specify distinct clinical study activities to be performed by UW-Madison. To-date, UW-Madison has executed 19 research or clinical trial agreements with the company valued at over $2.5 million. UW-Madison’s Interim Vice Chancellor for Finance and Administration, Rob Cramer, presented the report and made himself available to answer questions from the Committee. Committee Chair Beightol thanked Mr. Cramer for emphasizing the industry sponsored agreement approach with this agreement, as well as the ability for UW-Madison, in this case, to increase revenue in addition to opportunities for faculty, staff, and students, and the community at large, with the growth of these industry sponsored agreements. Regent Jones recused himself from voting on this item.

K. UW-Madison Contractual Agreement with Alexion Pharmaceuticals, Inc.

Upon the motion of Regent Miller and the second of Regent Klein, the Committee approved the initial master agreement between UW-Madison and Alexion Pharmaceuticals, which will enable a faster activation for studies involving rare diseases. UW-Madison’s Interim Vice Chancellor for Finance and Administration, Rob Cramer, presented the report and made himself available to answer questions from the Committee. Mr. Cramer reported that as an academic medical research institution, UW-Madison has a higher volume of patients that face rare diseases, and this agreement will allow these studies to reach more of those patients.

L. UW-Madison Contractual Agreement with OM1, Inc.

Upon the motion of Regent Jones and the second of Regent Miller, the Committee approved a master clinical trial agreement between UW-Madison and OM1, a Boston-based Clinical Research Office with whom UW-Madison began a collaboration in 2020. UW-Madison’s Interim Vice Chancellor for Finance and Administration, Rob Cramer, presented the report and made himself available to answer questions from the Committee. Mr. Cramer reported that this five-year agreement will create efficiencies that allow for increased future activities and will provide the opportunity for investigators from the School of Medicine and Public Health to work with industry sponsors on real world studies. Mr. Cramer reported that some of the researchers who will be working with OM1 are also working to collaborate with faculty in the UW-Madison School of Computer, Data & Information Sciences (CDIS) because often
situations like this involves data analytics. Chair Beightol noted he was glad Mr. Cramer made this point because of the new building project on the UW-Madison campus, and because this seems like an opportunity to leverage that asset and the good work our students and faculty are completing in the areas of data science and computer science.

M. UW-Madison Contractual Agreement with Diamond V Mills LLC and Cargill, Inc.

Upon the motion of Regent Peterson and the second of Regent Klein, the Committee approved a master agreement between UW-Madison and Diamond V Mills, a subsidiary of Cargill, Inc., that is initially intended to enable research by the Department of Animal and Dairy Sciences on animal feed additives, including a project aimed at controlling Salmonella growth in poultry. UW-Madison’s Interim Vice Chancellor for Finance and Administration, Rob Cramer, presented the report and made himself available to answer questions from the Committee. Mr. Cramer reported that the inclusion of Cargill as a party to this agreement will facilitate future research sponsored by its other subsidiaries, allowing this agreement to potentially extend to research involving additional units at UW-Madison, such as the Department of Bacteriology and the School of Veterinary Medicine.

N. UW-Madison and UW System Contractual Agreement with Huron Consulting Services LLC

Upon the motion of Regent Atwell and the second of Regent Klein, the Committee approved a software and implementation services agreement with Huron Consulting Services for cloud-based research administration software, acquired via a request for proposals process. The contract cost is $8.9 million over five years. UW-Madison’s Interim Vice Chancellor for Finance and Administration, Rob Cramer, presented the report and made himself available to answer questions from the Committee. Mr. Cramer reported that as a critical component of the Administrative Transformation Program, these products will facilitate the research administration processes, from proposal development and pre-award requirements through post-award management and reporting, expanding UW System’s capabilities and modernizing its technology to meet the ever-changing regulatory requirements and support the world-class research enterprise at UW System. Mr. Cramer reported that the cost covers both an implementation at UW-Madison and then implementation at UW-Milwaukee followed by the other institutions because the contract is structured so that each campus will be a statement of work.

O. Authority to Enter into a Real Estate Memorandum of Understanding with University Research Park, Incorporated, on Behalf of UW-Madison

Upon the motion of Regent Jones and the second of Regent Rai, the Committee approved a request to authorize the execution of a Memorandum of Understanding with University Research Park. This item was also presented to the Capital Planning and Budget Committee, as described earlier by Regent Rai. The Business & Finance Committee likewise approved this MOU. UW-Madison Chancellor Rebecca Blank and UW-Madison Interim Vice Chancellor for Finance and Administration, Rob Cramer, presented the report and made themselves available to answer questions from the Committee. Mr. Cramer reported that looking at the
financial health of UW-Madison relative to several of its Big 10 peers, and other peers around the country, a study identified that UW-Madison was really lagging in revenue growth compared to those other organizations. Mr. Cramer reported that a study group developed principles intended to keep the work and people grounded moving forward including that the mission of the UW-Madison must stay front and center as this process goes forward and that this process stays focused on the long-term health and ability of the UW-Madison to thrive. Mr. Cramer reported that he hopes in 20 to 30 years others will be thankful that this action was taken and that it created a strong financial foundation for UW-Madison moving forward.

P. Regent Policy Document Review: RPD 12-1, “Competition with the Private Sector”

Upon the motion of Regent Jones and the second of Regent Rai, the Committee approved an amendment to Regent Policy Document 12-1, which establishes the criteria institutions use to evaluate the appropriateness of university sales activities that compete with the private sector. It also requires that institutions form a competition review committee that includes various public and private sector representatives. UW-System Interim Vice President for Administration, Jim Langdon, presented the report and made himself available to answer questions from the Committee. Mr. Langdon reported the revised policy addresses recommendations from institutional stakeholders to enable the chancellor to determine if an activity or complaint warrants committee review, rather than always requiring their convening as in the current policy. Additionally, the revised policy also includes examples to assist institutions in determining if an activity meets the criteria of competition with the private sector, and to clarify that prices should be set to recover the cost of services when those services are offered to the general public. Mr. Langdon reported that, from a survey of the campuses, the policy is not frequently invoked and that he wasn’t aware of appeals going beyond the Chancellor level.

S. Cash Management Initiative Presentation

Chair Beightol modified the order of the agenda to hear from UW System Vice President for Finance, Sean Nelson, and the Executive Director for the UW System Office of Trust Funds, Chuck Saunders, on plans to develop a proposed investment strategy for gifts and grant funds, and a governance model designed to align with strategic investment goals and an appropriate risk tolerance level. The UW System is one of the few academic institutions in the nation that does not administer a cash management program. Utilizing existing statutory authority, this initiative aims to significantly increase revenue to support the academic mission of the university and to remain competitive with peer institutions. Mr. Saunders reported that management of the fund will be guided by an Investment Policy Statement (IPS) drafted by the UW Office of Trust Funds. Additionally, the Executive Director and Operations Manager of the Office of Trust Funds will serve as Chair of the Investment Committee with staff from UW-Madison as active members. The Investment Committee would meet quarterly, as well as the Board of Regents will receive quarterly performance reports. Mr. Nelson reported that the next steps include finalizing an initial investment amount, revising the Investment Management Agreement (IMA) with the State of Wisconsin Investment Board (SWIB), update the Investment Policy Statement (IPS), execute an operational plan with SWIB, and report back to the Board of Regents on the plan implementation in early 2022.
Q. Semi-Annual Budget-to-Actuals Report

UW System Vice President for Finance, Sean Nelson, presented the FY21 Budget-to-Actuals Report. The report notes that total revenues ended the fiscal year at 99.5% of the Revised Budget, with lower unrestricted revenues as a result of the pandemic’s impact on auxiliaries, and higher restricted revenues as a result of federal pandemic relief funding. Total expenses ended at 94.8% of the Revised Budget, or $342.7 million less than anticipated, as a result of various factors including furloughs, travel restrictions, and reduced purchasing.

R. COVID-19 Financial Impacts Update

UW System Vice President for Finance, Sean Nelson, gave a brief update on COVID-19 related impacts on UW System finances, noting that $720 million in total revenue losses have been partly mitigated by federal relief and cost reduction steps, resulting in a total net impact on UW System of $330 million through June 2020.

V. Semi-Annual Report on Gifts, Grants, and Contracts

Continuing with UW System Vice President for Finance, Sean Nelson, he provided a summary (year-end report) report on gifts, grants, and contracts awarded to UW System institutions in FY 2021, which totaled nearly $2.3 billion, a 32.1% increase from the prior year. Mr. Nelson reported that Federal awards increased $451.4 million (or 41.2%), a majority of which relates to COVID-19 relief. Non-federal awards also increased by nearly $106.3 million (or 16.6%). Mr. Nelson reported that the biggest notable item was with Student Aid which increased by over $130 million, almost entirely due to the Federal Aid received.

T. Trust Funds Quarterly Investment Report

UW System Trust Funds Executive Director, Charles Saunders, continued with a presentation highlighting the Investment Report for the period ending June 30. As of this date, UW System Trust Funds assets totaled $730.7 million. The Fund’s public equity investments increased 7.01% during the quarter, while the bond investments returned 2.44% and the inflation sensitive investments returned 4.13%. For the quarter, the Long Term Fund increased in value 8.32%, while the UW Fund Custom Benchmark increased 8.24%. The Income Cash Fund gained 0.01% for the period.


Lastly, UW System Sr. Associate Vice President for Finance, Julie Gordon, presented the Cost-Benefit Analysis of Foundations and Other Affiliated Organizations Report for FY20, which notes that UW System institutions identified 88 foundations and associated affiliated organizations that supported their missions in fiscal year 2019-20. For that year, UW System institutions provided $13.0 million in administrative support for these organizations, while receiving a total of $307.7 million. Ms. Gordon reported that since this was the first year of
this report, all organizations, including all the associated affiliated organizations, were asked to prepare and provide the cost-benefit analysis regardless of the threshold of how much administrative support was provided to them. She reported this report is a luxury to have this year as it provides a complete snapshot of the organizations.

The meeting adjourned at 12:01 PM.

Respectfully submitted,

Diana J. Trendt

Diana J. Trendt
Acting Recording Secretary