Thursday, May 24, 2018 – The members of the Finance and Administration Committee of the University of Houston System convened at 2:20 p.m. on Thursday, May 24, 2018 at the Hilton University of Houston Hotel, Conrad Hilton Ballroom, Second Floor, 4450 University Drive, Houston, Texas 77204, with the following members participating:

ATTENDANCE –

<table>
<thead>
<tr>
<th>Present</th>
<th>Non-Members Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gerald W. McElvy, Chair</td>
<td>Durga D. Agrawal, Regent</td>
</tr>
<tr>
<td>Peter K. Taaffe, Vice Chair</td>
<td>Jack B. Moore, Regent</td>
</tr>
<tr>
<td>Doug Brooks, Regent</td>
<td></td>
</tr>
<tr>
<td>Paula M. Mendoza, Regent</td>
<td></td>
</tr>
<tr>
<td>Neelesh C. Mutyala, Student Regent, Non-voting</td>
<td></td>
</tr>
<tr>
<td>Tilman J. Fertitta, Ex Officio</td>
<td></td>
</tr>
</tbody>
</table>

In accordance with a notice being timely posted with the Secretary of State and there being a quorum of the board present, Chair of the Committee, Gerald W. McElvy called the meeting to order.

*****

AGENDA ITEMS

Action Items:

The first item requiring committee approval were the minutes from the following Finance and Administration Committee meeting:

1. March 8, 2018, Finance and Administration Committee Meeting

On motion of Regent Taaffe, seconded by Regent Brooks, and by unanimous vote of the regents in attendance, the minutes from the Finance and Administration Committee meeting listed above was approved.

Regent McElvy stated the committee would be presented five (5) agenda action items for the board’s consideration and approval at this meeting.

The first action item presented for the committee’s consideration was Item C. Approval is requested for the University of Houston System FY2019 Financial Plan and Budget – University of Houston System. Regent McElvy asked Mr. Jim McShan, Senior Vice Chancellor for Administration and Finance to present this item to the committee.
Mr. McShan introduced this item pertaining to the approval for the University of Houston System FY2019 Financial Plan and Budget. The FY2019 Financial Plan and Budget would be effective on September 1, 2018 through August 31, 2019 pending final board approval. Mr. McShan presented a brief summary to the board and below is an outline of his remarks.

**University of Houston System Accomplishments:**
- The UH System campuses had record enrollment of 72,178 students.
- There were record degrees awarded System-wide of 16,197, with 43% to minority students and 25% in STEM fields.
- The highest record of research expenditures totaled $166 million.
- The official public launch of the $1 billion “Here, We Go” fundraising campaign.
- Philanthropy of $155 million this past year, which more than doubled what it was in 2009.
- Legislative Funding: Instruction and operations formula from FY2008-FY2019 with the rate per weighted credit hour was discussed. In 2008, the weighted semester credit hour (SCR) rate was $59.02 vs. $55.82 for FY19. Since 2008, on a CPI adjusted rate, that equates to approximately $47.69, which is 20% of the reduction of the buying power of the dollar.
- Sources of funding for the operating budget over time was addressed and in 1989, the total state support was 53.3% and student support was 15.7% vs. in 2019, the state support was at 24.5% and student support at 41.8%.

**University of Houston System FY19 Budget Summary:**
- 78% of the total UH System operating budget is devoted to student access and success and national competitiveness, while the infrastructure and administration and community advancement accounts for approximately 20%;
- The UH System Operating Budget Revenues FY2015-FY2019 ($ Millions) was addressed. Below is the summary for Current FY2018 Budget vs. Proposed FY2019 Budget

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Appropriations</td>
<td>$ 326.5</td>
<td>$ 327.2</td>
</tr>
<tr>
<td>2. HEAF/National Research University Fund</td>
<td>82.5</td>
<td>82.2</td>
</tr>
<tr>
<td>3. Tuition &amp; Fees</td>
<td>679.2</td>
<td>697.3</td>
</tr>
<tr>
<td>4. Other Operating</td>
<td>225.1</td>
<td>248.9</td>
</tr>
<tr>
<td>5. Contracts &amp; Grants*</td>
<td>247.3</td>
<td>255.2</td>
</tr>
<tr>
<td>6. Endowment Income/Gifts</td>
<td>63.5</td>
<td>61.1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1,624.1</strong></td>
<td><strong>$ 1,671.9</strong></td>
</tr>
</tbody>
</table>

*Includes Federal Financial Aid

- UH System Operating Budget Expenditures FY2015– FY2019 ($ Millions) was addressed. Below is the summary for Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2017 Budgeted</th>
<th>FY2018 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Student Access and Success</td>
<td>$ 1,080.6</td>
<td>$ 1,095.8</td>
</tr>
<tr>
<td>2. National Competitiveness</td>
<td>189.4</td>
<td>216.1</td>
</tr>
<tr>
<td>3. Infrastructure and Administration</td>
<td>319.1</td>
<td>327.3</td>
</tr>
<tr>
<td>4. Community Advancement</td>
<td>35.0</td>
<td>32.7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1,624.1</strong></td>
<td><strong>$ 1,671.9</strong></td>
</tr>
</tbody>
</table>
University of Houston System FY2019 Budget Summary (cont’d):

- **Revenue Changes - A**
  - General Revenue Subtotal - $232,556
  - Tuition and Fees Subtotal - $23,822,048
  - Other Subtotal - $2,175,014
  - Total Net Revenue - $26,229,618

- **Reallocation/Reduction – B**
  - Reallocation/Reductions Subtotal - $(7,697,578)

- **Priority/Initiative Allocation - C**
  - Priority 1 – Student Success - $16,596,268
  - Priority 2 – National Competitiveness - $7,811,762
  - Priority 3 – Univ. Infrastructure & Admin. - $9,277,573
  - Priority 4 – Community Advancement - $241,593
  - Total Priority/Initiative Allocations - $33,927,196

Total Net Reductions and New Allocations - $26,229,618

**University of Houston Accomplishments (UH):**

- The University of Houston had record enrollment of 45,364 students.
- The total number of degrees award were 9,448.
- There were 369 doctorates awarded.
- The 4-year graduation rate was 33%, up from 30%.
- The 6-year graduation rate was 54%, up from 51%.
- 71% of freshmen were participating in UHin4.
- There were several UH programs that had received national recognition (e.g., Graduate School of Social Work, Cyvia & Melvyn Wolff Center for Entrepreneurship, Petroleum Engineering, and UH Libraries).

**University of Houston (UH) Budget:**

- Total FY2018 UH Operating Budget - $1,186.6 ($ Millions)
- Total FY2018 UH Capital Facilities Budget - $164.1 ($ Millions)
- Total FY2018 UH Budget - $1,350.7 ($ Millions)

- Current FY2018 UH Operating Budget Source of Funds was addressed and is outlined below ($ Millions).
  - Tuition and Fees – $492.7 - 42%
  - State Appropriations – $195.5 - 16%
  - Contracts and Grants – $188.7 - 16% (includes Federal Financial Aid)
  - HEAF/ Nat’l Research University Fund (NRUF) – $58.4 - 5%
  - Endowment Income/Gifts – $56.8 - 5%
  - Other Operating – $194.5 - 16%

- Current UH Operating Budget Use of Funds was addressed and is outlined below ($ Millions).
  - Student Access and Success – $781.1 - 66%
  - Infrastructure and Administration – $192.1 - 16%
University of Houston System

**University of Houston (UH) Budget (cont’d):**
- National Competitiveness – $182.3 - 15%
- Community Advancement – $31.1 - 3%

- Proposed FY2019 UH Operating Budget - $1,229.5 ($ Millions)
- Proposed FY2019 UH Capital Facilities Budget - $204.0 ($ Millions)
- Proposed Total FY2019 UH Budget - $1,433.5 ($ Millions)
- Proposed FY2019 UH Operating Budget Source of Funds was addressed and is outlined below ($ Millions).
  - Tuition and Fees – $507.4 - 41%
  - State Appropriations – $196.7 - 16%
  - Contracts and Grants – $194.6 - 16% (includes Federal Financial Aid)
  - HEAF/National Research University Fund (NRUF) – $58.1 - 5%
  - Endowment Income/Gifts – $54.5 - 4%
  - Other Operating – $218.2 - 18%

- Proposed FY2019 UH Operating Budget Use of Funds was addressed and is outlined below ($ Millions).
  - Student Access and Success – $794.0 - 65%
  - Infrastructure and Administration – $197.4 - 16%
  - National Competitiveness – $208.8 - 17%
  - Community Advancement – $29.4 - 2%

- UH Operating Budget Revenues FY2015 – FY2019 ($ Millions) was presented. Below is the summary for the Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Appropriations</td>
<td>$ 195.5</td>
<td>$ 196.7</td>
</tr>
<tr>
<td>2. HEAF/Nat’l Research University Fund (NRUF)</td>
<td>58.4</td>
<td>58.1</td>
</tr>
<tr>
<td>3. Tuition &amp; Fees</td>
<td>492.7</td>
<td>507.4</td>
</tr>
<tr>
<td>4. Other Operating</td>
<td>194.5</td>
<td>218.2</td>
</tr>
<tr>
<td>5. Contracts &amp; Grants (includes Fed. Fin Aid)</td>
<td>188.7</td>
<td>194.6</td>
</tr>
<tr>
<td>6. Endowment Income/Gifts</td>
<td>56.8</td>
<td>54.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1,186.6</strong></td>
<td><strong>$ 1,229.5</strong></td>
</tr>
</tbody>
</table>

- UH Operating Budget Expenditures FY 2015– FY2019 ($ Millions) was addressed. Below is the summary for Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Student Access and Success</td>
<td>$ 781.1</td>
<td>$ 794.0</td>
</tr>
<tr>
<td>2. National Competitiveness</td>
<td>182.3</td>
<td>208.8</td>
</tr>
<tr>
<td>3. Infrastructure and Administration</td>
<td>192.1</td>
<td>197.4</td>
</tr>
<tr>
<td>4. Community Advancement</td>
<td>31.1</td>
<td>29.4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1,186.6</strong></td>
<td><strong>$ 1,229.5</strong></td>
</tr>
</tbody>
</table>

- The use of new and reallocated funds for UH was addressed and is summarized below:
  - There was additional set aside for need-based scholarships;
  - New faculty positions will be created;
University of Houston (UH) Budget (cont’d):
- There will be a continued investment in student support services (e.g., counseling and psychological services, veteran’s services, and career counseling) and campus services (e.g., parking);
- There will be a continuation re addressing the existing graduate tuition fellowship budget needs;
- A continual investment in technology and campus safety and security which supports students, faculty and staff;
- There will be an investment in academic renovations and faculty start-ups; and
- Investment in campus infrastructure to support students, faculty and staff (including the Core Renovation Projects and Life Sciences Projects).

- The total net reallocations and new allocations totaled $19,985,566.
- The FY2019 HEAF allocation totaled $52,770,054.
- The FY2019 Capital Projects Budget for UH was summarized as follows:
  - New Construction – The FY2019 project budget for 7 projects totaled $155,303,917; the total project budget to date for these projects totaled $244,626,288; and the future year budgets for these 7 projects totaled $98,024,720. The subtotal for the total project budget for new construction totaled $497,954,925.
  - There were three (3) major repair and rehabilitation projects and annually capital renewal deferred maintenance totaling $18,526,464 and a total project budget of $39,779,000.
  - There was one (1) UHS Tuition Revenue Bond project (TRB) totaling $30,201,364 and a total project budget of $33,000,660.
  - The overall FY2019 project expenditures budget totaled $204,031,745; and the total project budget was $570,734,585.

University of Houston-Clear Lake Comments and Accomplishments (UHCL):
- UHCL had a significant decrease in primarily the graduate enrollment over the last two years and this has placed quite a burden on their budget.
- As far as increases, UHCL had been approved for a 4.5% increase in tuition and fees for the undergraduate students and a 3.4% for the graduate students. UHCL student service fee was increasing by 2.6%; and all of these numbers will tie to the increases or decreases in their available revenue for the upcoming year.
- Mr. McShan noted that Dr. Ira Burke, President of UHCL has hit the ground running, making great strides and has made significant changes whereby making a significant impact on the university.
- UHCL had tied for 16th place in U.S. News & World Report’s 2018 rankings for Top Public Schools Regional Universities West.
- UHCL welcomed Her Excellency Hunaina Sultan Ahmed Al Mughairy, the Ambassador from the Sultanate of Oman to the U.S. in April. While at UHCL, she led a discussion titled “Women in International Diplomacy and Global Leadership.” The trip solidified UHCL as the host for “Future Technologies in Science Diplomacy,” an October 2019 conference that will include Her Excellency as well as a number of Omani government ministers.
- UHCL received approval to offer a Bachelor of Science in Mechanical Engineering and a Master of Arts in Teaching beginning this fall to answer community needs. As of late April, 58 students had applied to the BS in Mechanical Engineering and 28 had been admitted.
- UHCL acquired new healthcare simulation equipment and expanded community healthcare facility partnerships to enhance student learning and success. Decreased required credit hours for BSN from 45 to 30 to support the national initiative of 80% of nurses holding a BSN degree.
University of Houston-Clear Lake Comments and Accomplishments (UHCL):
• UHCL continues the successful Clear Lake Association of Senior Programs (CLASP), a project led by UHCL Distinguished Alumna and the first elected female judge of mainland Galveston County Marilyn Lunney. Since 2003, UHCL had hosted the program CLASP and it has welcomed speakers which have included astronauts, authors, artists, and a variety of experts in their fields.

University of Houston-Clear Lake Budget (UHCL):
• Total FY2018 UHCL Operating Budget was $131.5 ($ Millions)
• Total FY2018 UHCL Capital Facilities Budget was $119.8 ($ Million)
• Total FY2018 UHCL Budget was $251.3 ($ Millions)
• Current FY2019 UHCL Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - Tuition and Fees – $65.5 - 49%
  - State Appropriations – $33.5 - 25%
  - Contracts and Grants – $15.6 - 13% (includes Federal Financial Aid)
  - HEAF – $8.0 - 6%
  - Endowment Income/Gifts – $1.3 - 1%
  - Other Operating – $8.1 - 6%
• Current FY2018 UHCL Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $99.6 - 76%
  - Infrastructure and Administration – $28.4 - 21%
  - National Competitiveness – $3.5 - 3%
  - Community Advancement – $0.0 - 0%
• Proposed FY2019 UHCL Operating Budget - $133.0 ($ Millions)
• Proposed FY2019 UHCL Capital Facilities Budget - $37.4 ($ Millions)
• Proposed Total FY2019 UHCL Budget - $170.4 ($ Millions)
• Proposed FY2019 UHCL Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - Tuition and Fees – $65.5 - 49%
  - State Appropriations – $33.5 - 25%
  - Contracts and Grants – $16.6 - 13% (includes Federal Financial Aid)
  - HEAF – $8.0 - 6%
  - Endowment Income/Gifts – $1.3 - 1%
  - Other Operating – $8.1 - 6%
• Proposed FY2019 UHCL Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $100.8 - 76%
  - Infrastructure and Administration – $28.4 - 21%
  - National Competitiveness – $3.7 - 3%
  - Community Advancement – $0.1 - 0%

University of Houston-Clear Lake Budget (UHCL) (cont’d):
• UHCL Operating Budget Revenues FY2015 – FY2019 ($ Millions) was presented. Below is the summary for the Current FY2018 Budgeted vs. Proposed FY2019 Budget.
University of Houston System

University of Houston-Clear Lake Budget (UHCL) (cont’d):

<table>
<thead>
<tr>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Appropriations</td>
<td>$ 33.7</td>
</tr>
<tr>
<td>2. HEAF</td>
<td>8.0</td>
</tr>
<tr>
<td>3. Tuition &amp; Fees</td>
<td>64.7</td>
</tr>
<tr>
<td>4. Other Operating</td>
<td>9.0</td>
</tr>
<tr>
<td>5. Contracts &amp; Grants*</td>
<td>14.8</td>
</tr>
<tr>
<td>6. Endowment Income/Gifts</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 131.5</td>
</tr>
</tbody>
</table>

*Includes Federal Financial Aid

- UHCL Operating Budget Expenditures FY 2015– FY2019 ($ Millions) was addressed. Below is the summary for Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Student Access and Success</td>
<td>$ 99.6</td>
</tr>
<tr>
<td>2. National Competitiveness</td>
<td>3.5</td>
</tr>
<tr>
<td>3. Infrastructure and Administration</td>
<td>28.4</td>
</tr>
<tr>
<td>4. Community Advancement</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 131.5</td>
</tr>
</tbody>
</table>

- The use of new and reallocated funds are summarized below:
  - UHCL has acquired new technology through Education Advisory Board (EAB) to support their partnership with the Houston Guided Pathways to Success (GPA) consortium.
  - They have expanded student support and access to wellness programs, career development, student life activities, and psychiatric services.
  - UHCL has increased new student scholarship funding through the New Hawk and Automatic Transfer Scholarships.
  - They have funded new faculty for the new Mechanical Engineering program and doctorate in Psychology.
  - UHCL has investment in library resources to enhance the quality of academic program offerings and faculty research.
  - Investment in the Exercise and Rehabilitation Institute, housed in the new Recreation and Wellness Center, to support collaboration and partnerships with healthcare institutions in order to enhance the health and functional performance of the community.
  - UHCL has investment in the Pearland Campus satellite operation for the Center for Autism and Developmental Disabilities that will open Spring 2019 in the new Health Sciences and Classroom Building.

- The total net reallocations and new allocations totaled ($428,716).
- The FY2019 HEAF allocation totaled $8,005,116
- The FY2019 Capital Projects Budget for UHCL was summarized as follows:
  - New Construction – 7 projects.
  - Total FY2019 project expenditures budget for new construction was $35,113,377 and the total project budget was $155,980,617.
  - There were two (2) major repair and rehabilitation projects totaling $1,300,000 and a total project budget of $1,810,000.
- The overall FY2019 project expenditures budget totaled $7,413,377; and the total project budget was $157,790,617.

**University of Houston-Downtown Accomplishments (UHD):**
- UHD attained an all-time high graduation rate of 20.76%.
- They increased FTIC retention rate to a record high 72.26%.
- UHD awarded 3,177 degrees (an increase of 19.25% over previous year).
- Through the UHD Harvey Relief Fund, they raised approximately $600,000.
- UHD received the Texas Higher Education Coordinating Board’s STAR award for its course redesign program and its impact on improving student success.
- The THECB awarded UHD and HCC a $250,000 grant for the Texas Affordable Baccalaureate degree.

**University of Houston-Downtown Budget (UHD):**
- Total FY2018 UHD Operating Budget - $182.7 ($ Millions)
- Total FY2018 UHD Capital Facilities Budget - $22.5 ($ Million)
- Total FY2018 UHD Budget - $205.2 ($ Millions)
- Current FY2018 UHD Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - Tuition and Fees – $94.2 - 52%
  - State Appropriations – $31.3 - 17%
  - Contracts and Grants – $35.3 - 19% (includes Federal Financial Aid)
  - HEAF – $11.8 - 6%
  - Endowment/Gifts – $2.8 - 2%
  - Other Operating – $6.7 - 4%
- Current FY2018 UHD Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $146.0 - 80%
  - Infrastructure and Administration – $30.9 - 27%
  - National Competitiveness – $2.4 - 1%
  - Community Advancement – $3.4 - 2%
- Proposed FY2019 UHD Operating Budget - $183.1 ($ Millions)
- Proposed FY2019 UHD Capital Facilities Budget - $55.7 ($ Millions)
- Proposed Total FY2019 UHD Budget - $238.8 ($ Millions)
- Proposed FY2019 UHD Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - Tuition and Fees – $95.2 - 52%
  - State Appropriations – $31.3 - 17%
  - Contracts and Grants – $35.3 - 19% (includes Federal Financial Aid)
  - HEAF – $11.8 - 6%
  - Endowment Income/Gifts – $2.8 - 2%
  - Other Operating – $6.7 - 4%
- Proposed FY2019 UHD Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $145.9 - 80%
  - Infrastructure and Administration – $32.2 - 18%
University of Houston System

University of Houston-Downtown (UHD) (cont’d):
- National Competitiveness – $2.2 - 1%
- Community Advancement – $2.8 - 1%

- UHD Operating Budget Revenues FY2015 – FY2019 ($ Millions) was presented. Below is the summary for the Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Appropriations</td>
<td>$ 31.3</td>
<td>$ 31.3</td>
</tr>
<tr>
<td>2. HEAF</td>
<td>11.8</td>
<td>11.8</td>
</tr>
<tr>
<td>3. Tuition &amp; Fees</td>
<td>94.2</td>
<td>95.2</td>
</tr>
<tr>
<td>4. Other Operating</td>
<td>7.6</td>
<td>6.7</td>
</tr>
<tr>
<td>5. Contracts &amp; Grants*</td>
<td>35.0</td>
<td>35.3</td>
</tr>
<tr>
<td>6. Endowment Income/Gifts</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 182.7</td>
<td>$ 183.1</td>
</tr>
</tbody>
</table>

*Includes Federal Financial Aid

- UHD Operating Budget Expenditures FY 2015– FY2019 ($ Millions) was addressed. Below is the summary for Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Student Access and Success</td>
<td>$ 146.0</td>
<td>$ 145.9</td>
</tr>
<tr>
<td>2. National Competitiveness</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>3. Infrastructure and Administration</td>
<td>30.9</td>
<td>32.2</td>
</tr>
<tr>
<td>4. Community Advancement</td>
<td>3.4</td>
<td>2.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 182.7</td>
<td>$ 183.1</td>
</tr>
</tbody>
</table>

- The use of new and reallocated funds are summarized below:
  - UHD investing in increasing transfer enrollment by developing degree maps, hiring new embedded advisors and increasing transfer scholarships.
  - UHD will improve FTIC retention and graduation rate by supporting peer mentors, increasing FTIC Scholarships and investing in predictive analytics.
  - They will provide new financial incentives to the colleges to increase undergraduate enrollment.
  - UHD is pioneering a 2+ model with the HCC’s Coleman College of Health Sciences to offer Bachelor of Science in Nursing (BSN).
  - UHD will hire five (5) tenure track faculty in high demand programs.
  - UHD will continue to invest in a new Student Information System.
  - UHD will hire a full time Title IX Coordinator.
  - UHD will invest in the campus infrastructure including the physical plant and technology.

- The net reallocations and new allocations for UHD totaled $3,320,076.
- The FY2019 HEAF allocation totaled $11,752,877.
- The FY2019 Capital Projects Budget for UHD was summarized as follows:
  - New Construction – 1 project.
  - Total FY2019 project expenditures budget for new construction was $52,213,359 and the total project budget was $75,500,000.
  - There were two (2) major repair and rehabilitation projects and one (1) major technology project for a total of $3,527,063 and a total project budget of $6,312,433.
University of Houston-Victoria Accomplishments (UHV):
- The University of Houston-Victoria (UHV) joined the Houston GPS (Guided Pathway to Success), a regional collaboration of two- and four-year educational institutions, to provide seamless pathways for students transferring from area community colleges to universities.
- UHV awarded the first specialist degree in School of Psychology.
- UHV had accreditation visits in Nursing and Counseling.
- UHV had their First UHV Team Men’s Soccer to advance to National playoffs.
- UHV implemented business plan for UHV Katy.
- UHV received a $645,677 National Science Foundation five-year grant to increase enrollment, retention and graduation of low-income mathematics and computer science majors through annual scholarships and other programs.
- UHV launched the “Here, We Go” campaign with an $839,775 lead gift from M.G. and Lillie A. Johnson Foundation.

University of Houston-Victoria Budget (UHV):
- Total FY2018 UHV Operating Budget - $63.9 ($ Millions)
- Total FY2018 UHV Capital Facilities Budget - $70.7 ($ Million)
- Total FY2018 UHV Budget - $134.6 ($ Millions)
- Current FY2018 UHV Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - Tuition and Fees – $27.5 - 43%
  - State Appropriations – $17.5 - 27%
  - Contracts and Grants – $8.8 - 14% (includes Federal Financial Aid)
  - HEAF – $4.3 - 7%
  - Endowment/Gifts – $0.4 - 1%
  - Other Operating – $5.4 - 8%
- Current FY2018 UHV Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $52.0 - 81%
  - Infrastructure and Administration – $11.2 - 18%
  - National Competitiveness – $0.2 - 0%
  - Community Advancement – $0.5 - 1%
- Proposed FY2019 UHV Operating Budget - $66.8 ($ Millions)
- Proposed FY2019 UHV Capital Facilities Budget - $67.7 ($ Millions)
- Proposed Total FY2019 UHV Budget - $134.5 ($ Millions)
- Proposed FY2019 UHV Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - Tuition and Fees – $29.4 - 44%
  - State Appropriations – $17.6 - 26%
  - Contracts and Grants – $8.8 - 13% (includes Federal Financial Aid)
  - HEAF – $4.3 - 7%
  - Endowment Income/Gifts – $0.4 - 1%
  - Other Operating – $6.3 - 9%
University of Houston-Victoria Budget (UHV) (cont’d):

- Proposed FY2019 UHV System Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $56.1 - 84%
  - Infrastructure and Administration – $10.0 - 15%
  - National Competitiveness – $0.2 - 0%
  - Community Advancement – $0.5 - 1%

- UHV Operating Budget Revenues FY2015 – FY2019 ($ Millions) was presented. Below is the summary for the Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Appropriations</td>
<td>$ 17.5</td>
<td>$ 17.6</td>
</tr>
<tr>
<td>2. HEAF</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>3. Tuition &amp; Fees</td>
<td>27.5</td>
<td>29.4</td>
</tr>
<tr>
<td>4. Other Operating</td>
<td>5.4</td>
<td>6.3</td>
</tr>
<tr>
<td>5. Contracts &amp; Grants*</td>
<td>8.8</td>
<td>8.8</td>
</tr>
<tr>
<td>6. Endowment Income/Gifts</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 63.9</td>
<td>$ 66.8</td>
</tr>
</tbody>
</table>

*Includes Federal Financial Aid

- UHV Operating Budget Expenditures FY 2015– FY2019 ($ Millions) was addressed. Below is the summary for Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Student Access and Success</td>
<td>$ 52.0</td>
<td>$ 56.1</td>
</tr>
<tr>
<td>2. National Competitiveness</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>3. Infrastructure and Administration</td>
<td>11.2</td>
<td>10.0</td>
</tr>
<tr>
<td>4. Community Advancement</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 63.9</td>
<td>$ 66.8</td>
</tr>
</tbody>
</table>

- The use of new and reallocated funds are summarized below:
  - Additional financial aid for students.
  - UHV will hire new faculty to support fast-growing programs.
  - UHV will continue to focus on being a destination university by investing in new residential campus infrastructure, expanding academic programs, and building new academic facilities.
  - UHV will expand student recruitment and retention efforts.
  - UHV will add additional support for UHV Katy operations.
  - Equitable and competitive compensation for faculty for promoted full-time, tenure-track faculty and staff compensation.

- The total net reductions and new allocations for UHV was $3,881,022.

- The total HEAF FY2019 allocation totaled $4,275,861.

- FY2019 Capital Projects Budget for UHV was summarized as follows:
  - New Construction – there were a total of 5 projects.
  - Total FY2019 project expenditures budget for new construction was $57,100,000 and the total project budget was $102,500,000.
  - There were two (2) major repair and rehabilitation projects and one (1) land acquisition for a total of $9,423,782 and $1,200,000, respectively.
The overall FY2019 project expenditures budget totaled $67,723,782; and the total project budget was $115,773,782.

**University of Houston System Administration Budget:**
- Total FY2018 UHS Administration Operating Budget - $59.2 ($ Millions)
- Total FY2018 UHS Administration Capital Facilities Budget - $-0- ($ Million)
- Total FY2018 UHS Administration Budget - $59.2 ($ Millions)
- Current FY2018 UHS Administration Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - State Appropriations – $48.5 - 82%
  - Endowment Income/Gifts – $2.1 - 4%
  - Other Operating – $8.6 - 14%
- Current FY2018 UHS Administration Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $1.8 - 3%
  - Infrastructure and Administration – $56.5 - 95%
  - National Competitiveness – $1.0 - 2%
- Proposed FY2019 UHS Administration Operating Budget - $59.5 ($ Millions)
- Proposed FY2019 UHS Administration Capital Facilities Budget - $-0- ($ Millions)
- Proposed Total FY2019 UHS Administration Budget - $59.5 ($ Millions)
- Proposed FY2019 UHS Administration Operating Budget Source of Funds was addressed and is outlined below. ($ Millions)
  - State Appropriations – $47.9 - 80%
  - Endowment Income/Gifts – $2.1 - 4%
  - Other Operating – $9.5 - 16%
- Proposed FY2019 UHS Administration System Operating Budget Use of Funds was addressed and is outlined below. ($ Millions)
  - Student Access and Success – $1.8 - 3%
  - Infrastructure and Administration – $56.7 - 95%
  - National Competitiveness – $1.0 - 2%
- UHS Administration Operating Budget Revenues FY2015 – FY2019 ($ Millions) was presented. Below is the summary for the Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Appropriations*</td>
<td>$ 48.5</td>
<td>$ 47.9</td>
</tr>
<tr>
<td>2. Other Operating</td>
<td>8.6</td>
<td>9.5</td>
</tr>
<tr>
<td>3. Contracts &amp; Grants</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>4. Endowment Income/Gifts</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 59.2</strong></td>
<td><strong>$ 59.5</strong></td>
</tr>
</tbody>
</table>

*Includes TRB debt service
University of Houston System Administration Budget (cont’d):

- UHS Administration Operating Budget Expenditures FY 2015–FY2019 ($ Millions) was addressed. Below is the summary for Current FY2018 Budgeted vs. Proposed FY2019 Budget.

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Budgeted</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Student Access and Success</td>
<td>$1.8</td>
<td>$1.8</td>
</tr>
<tr>
<td>2. National Competitiveness</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>3. Infrastructure and Administration*</td>
<td>56.5</td>
<td>56.7</td>
</tr>
<tr>
<td>4. Community Advancement</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$59.2</strong></td>
<td><strong>$59.5</strong></td>
</tr>
</tbody>
</table>

*Includes TRB debt service

- The total net revenue / total priority/initiative allocations totaled $(528,330)

Regent McElvy commended Mr. McShan and his staff for a very robust and comprehensive process; in particular, commending those campuses that were facing exogenous factors such as enrollment reductions. They have responded to that very quickly and it was reflected very effectively in this budget.

On motion of Regent Mendoza, seconded by Regent Taaffe, and by unanimous vote of the committee members in attendance, the request for the University of Houston System FY2019 Financial Plan and Budget – UH System was approved.

Regent McElvy stated the next action item for discussion was Item D, the Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding $1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System, F&A-D. Regent McElvy asked Mr. McShan to introduce this item.

Mr. McShan stated that this item was a request to delegate authority to the Chancellor to negotiate and execute contracts exceeding $1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System.

The first two (2) contracts listed in this item were related. The first project was for Residential Laundry Services. The contract for CSC Service Works, Inc. was extended last year in July 2017 through July 2018. Since that timeframe, this contract now requires Board approval because the cumulative total was over $1.0 million. This contract was approximately $220,000 a year and was for laundry services within our housing units. Mr. McShan stated the students pay for this service indirectly through their residential housing costs. The second item related to this contract was a Request for Proposal (RFP) to go out to bid for a new contract which would begin in August 2018 with a target of 20% HUB participation. The projected total amount over the initial 3-year contract plus the option to renew for two (2) years was projected to be approximately $1.2 million, which equates to about $240,000 per year.

The next project addressed in this item was for Project Management. Mr. McShan stated that Jacobs Project Management Co. has a history with the university. They were hired during the beginning of several major construction projects in order to expand the university’s project managers available to oversee the significant number of projects. When Hurricane Harvey came along, the university was fortunate to assign Jacobs under their existing contract to provide services
to the assessment of the Harvey damages. This request was to expand the budget on Jacobs Project Management Co. to $5.0 million so they would be able to participate and manage those projects for the recovery of Harvey of which insurance would pay a portion, and the portion not paid by FEMA. The expected recovery from these sources is 90% of the cost. This contract is a 3-year agreement from June 1, 2016 to May 31, 2019.

Mr. McShan addressed the next item for the Board’s consideration, Victoria College. This contract was for the lease of space for the UHV library from Victoria College. This lease provides UHV students with non-exclusive access to the Victoria College Library, which is adjacent to the UHV campus. UHV has leased library access from Victoria College since the 1990’s, as it allows the campus to provide a library to their students. The original agreement expires on August 31, 2018 and is being extended for four (4) months to allow UHV students to utilize the Victoria College library until construction of the new UHV Learning Commons (Library) is completed. The cost of the extension of this contract is $78,000 which brings the total cumulative spending to approximately $1,017,000.

The Energy Service Performance contract was the next item addressed by Mr. McShan and was for Johnson Controls at UH-Victoria. This contract will add facility and infrastructure upgrades that will deliver operational and utility savings approximating $3.6 million over a 15-year period. The savings will be guaranteed by Johnson Controls. The energy conservation measures will include LED lighting retrofit, energy management system update, PTAC control system serving all dorms, solar window film treatment, and additional minor measures throughout campus buildings. The procurement method for this contract is the utilization of TIPS, The Interposal Purchasing System, which is a national purchasing cooperative that offers access to competitively procured purchasing contracts to its membership. TIPS is an approved procurement method for public higher education in Texas. The terms of this contract will be 15-years for project savings guarantee and payment of debt service.

The last item listed under this item was for Custodial Services at UHV. UHV is outsourcing their custodial services and this contract would provide custodial services for all current UHV buildings and residence halls (9 academic buildings, 3 residence halls) plus future buildings. This would be a one 1-year agreement with up to four (4) 1-year renewals for a total amount of approximately $3,100,000.

On motion of Regent Mendoza, seconded by Regent Taaffe, and by unanimous vote of the regents in attendance, Item D, the request to delegate authority to the Chancellor to negotiate and execute contracts exceeding $1 million for the purchase of goods or services, excluding construction contracts, at the UH System was approved.

Regent McElvy moved to Item E, the request to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding $1 million for projects at the University of Houston System.

Mr. McShan addressed the first project listed under this item, the Science Teaching Lab Building Phase 3 Buildout at the University of Houston. This request was for construction of lab buildout for the Division of Research and NSM at the UH campus, Science Teaching Lab Building in the
amount of $1,500,000. This project will be funded through IP and other departments of Research funds.

The second project listed under this item was for the Philip Guthrie Hoffman Hall Fire Sprinkler at UH. This was for the installation of the fire sprinkler system for Philip Guthrie Hoffman Hall at the UH campus in the approximate amount of $2,000,000. The source of the funding for this project will be from HEAF funds.

The next project was for Campus-wide Access Control Upgrades at UH. This project was for keyless access control installation related work to be performed on an as-needed basis at UH. The total amount of this project will be approximately $5.0 million. The current contract was with Stanley but is expiring. There is a new procurement for a 3-year base and two (2) option year term.

Mr. McShan addressed the next project listed under this item, the East Garage Emergency Repairs at the University of Houston. Due to a car fire on April 26, 2018 at the East Garage, which amounted to approximately $5.0 million in damages, repairs will be needed to bring the garage back into service. The University was requesting approval to use Vaugh, who is currently one of the university’s JOCs, so that these repairs can be completed before the students return in the Fall. The cost of this project will be funded by insurance.

The next project discussed by Mr. McShan was the access road and parking lot for the Katy Academic Building. This project includes all construction, design and contingency for an operable parking lot including drainage, lighting, security and signage. The amount of this project totals approximately $4.5 million and will be funded by Tuition Revenue Bonds (TRBs) and HEAF funds.

The last project listed under this item was for the Hilton 5114 Kitchen Renovation. This project was for the construction of the kitchen lab for the Conrad N. Hilton College of Hilton and Restaurant Management in the amount of $1.6 million. The source of the funding will be from hotel revenues and HEAF funds.

On motion of Regent Taaffe, seconded by Regent Mendoza, and by unanimous vote of the regents in attendance, Item E, the request to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding $1 million for projects at the University of Houston System was approved.

Mr. McShan presented the next action item on the agenda, Item F, Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Melcher Life Science Renovation Project located in the Athletics District at the University of Houston – University of Houston, F&A-F.

Mr. McShan stated that this item was requesting the approval to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Melcher Life Science Renovation project located in the Athletics District at the University of Houston for an amount not to exceed $15.75 million. In order to create useable space, the university has decided to fill in the pool and build-out a mezzanine area within the 2-story volume of space that will allow for
an additional 27,000 GSF. Approximately 18,000 GSF will be dedicated to the Communication Sciences & Disorders area which is currently located in the Clinical Research Services Building & Annex and Charles McElhinney. This project also includes the renovation to Health & Human Performance’s existing space within Garrison and Melcher which will better serve this department.

On motion of Regent Mendoza, seconded by Regent Brooks, and by unanimous vote of the committee members in attendance, the request to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction for the Melcher Life Science Renovation Project located in the Athletics District at the University of Houston was approved.

The final item addressed on the agenda was Item G, Approval is requested to suspend the University of Houston-Victoria transportation and parking fee set to go into effect for Fiscal Year 2019 – UH-Victoria, F&A-G.

Mr. McShan stated that at the prior Board of Regents meeting there was an approval for a transportation fee at the University of Houston-Victoria. After further review, it was determined that there had not been adequate time for the shared governance process to weigh-in on that particular fee; therefore, this request was to suspend that fee until further notice.

On motion of Regent Mendoza, seconded by Regent Taaffe, and by unanimous vote of the committee members in attendance, the request to suspend the University of Houston-Victoria transportation and parking fee set to go into effect for Fiscal Year 2019 was approved.

At the conclusion of the approval of the last action item, Regent McElvy called for a motion to place all action items, presented and unanimously approved by the committee, on the Board of Regents’ Consent Docket Agenda for final Board approval.

On motion of Regent Brooks, seconded by Regent Mendoza, and by unanimous vote of the committee members present, the following five (5) action items were placed on the Board of Regents’ Consent Docket Agenda for final approval at the May 24, 2018, Board of Regents meeting held later in the day as follows:

1. Approval is requested for the University of Houston System FY2019 Financial Plan and Budget – UH System;

2. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding $1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System – UH System;

3. Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding $1 million for projects at the University of Houston System – UH System;

4 Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction for the Melcher Life Science Renovation Project located at the Athletics District at the University of Houston – University of Houston; and
Approval is requested to suspend the University of Houston-Victoria transportation and parking fee set to go into effect for Fiscal Year 2019 – UH-Victoria.

Executive Session Report:

It was noted that an Executive Session would not be held.

There being no further business to come before the committee, the meeting adjourned at 3:42 p.m.

All documentation submitted to the Committee in support of the foregoing action items, including but not limited to “Passed” agenda items and supporting documentation presented to the Committee, is incorporated herein and made a part of these minutes for all purposes; however, this does not constitute a waiver of any privileges contained herein.

*****

Others Present:

Renu Khator Raymond Bartlett David Oliver
Jim McShan Emily Messa Sabrina Hassumani
Paula Myrick Short Paul Polasek Michelle Polasek
Dona Cornell Glenn Houston Stephen Spann
Eloise Dunn Brice Lisa Gossett Dan O’Connor
Amr Elnashai Kevin Draper Barbara Duarte
Jason Smith Ed Hugetz Wayne Beran
Richard Walker Mike Emery Dan Maxwell
Ira K. Blake Ray Paulerson Mark Clarke
Juan Sánchez Muñoz Karin Livingston Mark Yzaguirre
Raymond “Vic” Morgan David Bradley Mike Rosen
Mike Johnson Mike Slaten Lindsey Ellis
Don Guyton Macie Kelly Ryan Harrison
Brian Thomas Don Price Phil Booth
Jon Aldrich Shannon Harrison Matt Castillo
Nadar Ibrahim I-hsuan Huang Joe Brueggman
Marquette Hobbs Brenda Robles Gerry Mathisen