Thursday, August 23, 2018 – The members of the Finance and Administration Committee of the
University of Houston System convened at 1:55 p.m. on Thursday, August 23, 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 –

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<th>Non-Members Present</th>
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<tr>
<td>Gerald W. McElvy, Chair</td>
<td>Durga D. Agrawal, Regent</td>
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<td>Peter K. Taaffe, Vice Chair</td>
<td>Beth Madison, Regent</td>
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<td>Doug Brooks, Regent</td>
<td>Jack B. Moore, Regent</td>
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<td>Steve I. Chazen, Regent</td>
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<td>Paula M. Mendoza, Regent</td>
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<td>Andrew Z. Teoh, Student Regent, Non-voting</td>
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<td>Tilman J. Fertitta, Ex Officio</td>
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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.

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AGENDA ITEMS

Action Items:

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

1. May 24, 2018, Finance and Administration Committee Meeting

On motion of Regent Taaffe, seconded by Regent Mendoza, 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 seven (7) agenda items: six (6) action
items requiring committee and board approval and one (1) item for information only.

Regent McElvy stated the first action item for discussion would be Item C, 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-C. Regent McElvy asked Mr. McShan, Senior Vice Chancellor for Administration and Finance 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 item presented was for a new contract for Treasury Management and Merchant Services. A Request for Proposal (RFP) was posted and Bank of America was the selected vendor. This contract will provide various banking services for a 5-year term for an estimated $21.0 million total.

Next item for the committee’s consideration was the contract for the purchase of Microsoft Licensing Agreement. This request was for three (3) years, with two (2), 1-year renewals. These Microsoft licenses are purchased through a third party called Higher Ed. Higher Ed is a HUB vendor and the University will receive credit from the state and will be included in the procurement process. Mr. McShan explained that UH spends approximately $800,000 annually on individual Microsoft licenses plus an additional $400,000 in Non-Microsoft security-related software and applications. Furthermore, the university was comparing Microsoft Security software to other options available in the market to make a final selection, and pending this decision, the cost to the university could be as high as $1,500,000 per year for five (5) years, including an increase in the licenses to be somewhere in the $800,000 - $1.0 million range per year.

Mr. McShan addressed the next two (2) items listed for the Board’s consideration: Houston Public Media’s NPR Programming Fees and PBS Programming Fees. NPR Programming Fees was the first item addressed. These fees are to broadcast NPR programs on the KUHF radio station, with a cost of approximately $1.3 million per year and funded through gifts and grant funds. The second request was for PBS Programming fees. These fees are to broadcast PBS programs on the KUHT TV station, with a cost of approximately $2.3 million per year and will also be funded through gifts and grants.

The next recommendation was a contract for KUHF/KUHT Leased Tower Space. Mr. McShan stated that the University of Houston currently has two (2) separate towers. This new contract would be a lease for one (1) tower which would reduce the cost significantly. In addition, Mr. McShan noted we will have a higher place on the tower which would also increase our outreach and the number of households we can reach. He stated that the university would save a minimum of approximately $2.1 million over the length of the 15-year contract. The university currently pays $9.6 million for the two (2) towers. This tower will cost $5.0 million and a backup tower will be secured for a cost of $2.5 million; and even with this purchase, over the life of the contract, there could be a savings of approximately $2.1 million.

The next item was the purchase of the antennae, transmitter and transmission lines for the new tower(s) for KUHF/KUHT. The new and more efficient equipment would be installed in one (1) facility, with one (1) vendor on one tower. This contract would be for three (3) to five (5) years with service contracts on equipment, with an estimated cost of $2.5 million. Mr. McShan
commended Houston Public Media for their efforts in creating a technology/equipment replacement fund and they expect to be able to fully fund their projects by the end of the fiscal year.

Mr. McShan introduced Dr. Jeff Morgan, Associate Provost for Education, Innovation and Technology, to introduce the next contract for the committee’s consideration - Online Degree Program Marketing and Management. Below is a brief overview of Dr. Morgan’s remarks.

Dr. Morgan explained that the university has experienced significant growth in the number of online semester credit hours (SCHs) in the past 10 years. An estimated 230,000 online SCHs are being projected at the University of Houston for this year. There are typically three (3) SCHs per course; and roughly 77,000 students have enrolled in online courses. It is advantageous for some students to take online courses. Online courses are offered for a variety of reasons including being part of an online degree program, but more importantly, for students’ convenience, since the average student travels one (1) hour each way to attend classes. Dr. Morgan stated there was an 18.8% growth in online SCHs in FY2018; and it is projected that we will have a 15% growth in the coming year.

In FY2019, there will be roughly 1,250+ online sections being offered; 28 total online degree programs out of which four (4) were undergraduate, twenty-two (22) were master’s degrees and two (2) Ed.D. He also added that primary enrollment in online classes came from students not in an online degree program. Data showed that students enrolled in at least one (1) online course; and on average, take at least 1.5 credit hours more per semester.

Dr. Morgan stated that 95% of online SCHs come from traditional students enrolling in online courses to supplement their SCHs; and 95% of online SCHs were undergraduate and 5% of online SCHs come from students in online degree programs.

Dr. Morgan mentioned that UH would benefit tremendously from growing the enrollment of online-only students; however, in doing so it would require a significant amount of marketing capital and UH does not have sufficient resources to recruit large numbers of online-only students - hence the need to partner with a vendor. In the fall of 2017, a Request for Proposal (RFP) for this venture was posted. The university received proposals from three (3) vendors which were reviewed by a committee; and after their review, the vendor selected by the committee was Academic Partnerships (AP).

At that time, Academic Partnerships partnered with various institutions across the country, including UT Arlington, Lamar University, portions of the California State University System, the University of Rhode Island, LSU and several others. In addition, AP also partners with sixteen (16) institutions across Central and South America, and soon six (6) additional universities in Africa.

Dr. Morgan stated that AP helped the previously mentioned institutions grow their enrollment of online students. He cited a few examples, such as, UTA grew their online RN-BSN program from 137 students in 2008 to over 15,000 in 2018; and witnessed an overall 614% increase in
online enrollment with all of their partners since 2010; helped university faculty to develop over 1,800 online courses; and experienced a very high success rate with their partners.

Dr. Morgan explained that, if the contract were to be approved by the Board, Academic Partnerships would begin with a nine (9) month process to plan the launch of selected partner programs. Once the initial process was completed, AP would market the selected programs, prompt potential students to complete the application process in a timely manner, and encourage admitted students to continue their enrollment. He also emphasized that AP would not make admission decisions, create course content, teach courses, own course materials nor degree programs - UH would own the product and AP would only help market this product.

Dr. Morgan added that in selecting the degree programs, the Dean and faculty associated would be onboard, and absolutely no program would be obligated to participate. Moreover, UH would select programs that were fiscally viable and have a high probability of producing successful graduates at scale.

Lastly, Dr. Morgan stated that UH has been offering and creating online courses for many years, with approximately 120 online degree and certificate programs across the UH System; however, the number of students enrolled in online courses could be increased significantly with the help of this partnership.

Mr. McShan added that the first program at UH had been identified for this partnership, RN-BSN, a 50% tuition sharing program. He also noted that Academic Partnerships would initially make use of their resources. UH would be committed for six (6) years with a buy-out of as high as $2.0 million and decreased annually. He also noted that Academic Affairs was aware that it would take a couple of years to determine the success rate. If the results did turn out to be unsuccessful, the university would maintain the contract until its expiration date.

A brief discussion followed.

The last action item addressed was the Facility License Agreement Extension. Mr. McShan explained that this was a revenue agreement to extend the Facility License Agreement between UH/Houston Public Media and KHOU-TEGNA, from twelve months to fifteen months, making the total revenue approximately $1.17 million.

On motion of Regent Chazen, seconded by Regent Mendoza, and by unanimous vote of the regents in attendance, Item C, 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 D, the 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.

Mr. McShan addressed the first project listed under this item, Jaguar Suites Roof Replacement at UH-Victoria (UHV). This request was to repair the damage that was incurred from Hurricane
Harvey. Cost of this project will be covered by insurance; however, initially the cost was estimated to be around $1.7 million; but once the project began, it was found that additional repairs would be needed bringing the cost to approximately $2.2 million.

The second project listed under this item was for Cougar Village 1 Façade Improvements at UH. This contract was to repair the façade due to failure of the original construction company. A letter of demand has been issued; however, it was in the best interest to begin with the repairs as soon as possible. The cost would be an estimated $2.0 million and the source of the funding for this project will be from housing revenue.

The next project discussed by Mr. McShan was the materials testing for geotechnical, material testing and environmental services for construction projects. There were a total of three (3) companies currently under contracts that would be extended through the end of the year. The potential amount of these projects would total approximately $1.2 million for each of the vendors, thereby requiring the Board’s approval.

The last project listed under this item was for electrical systems maintenance and repair services. A Request for Proposal (RFP) was posted for electrical systems maintenance and repair services, and JONMAR Electric, Inc. was the selected vendor for preventative maintenance and on call electrical repairs. This contract will be a three (3) year contract, with two (2) 1-year renewal options. The estimated cost for this contract will be approximately $2.0 million or $400,000 per year.

On motion of Regent Taaffe, seconded by Regent Chazen, 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.

The next action item on the agenda, Item E, Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of a Science Technology Engineering and Mathematics (STEM) building at the University of Houston-Victoria – UH-Victoria, F&A-E. Regent McElvy requested Mr. McShan present this item for the committee’s consideration.

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 of a STEM building at UH-Victoria. He stated that contracts were recently terminated with the contractor and residential hall quads and a new request for bids was submitted for this project; and when the bids were received they came in approximately $2.0 million under the initial estimated budget.

On motion of Regent Mendoza, seconded by Regent Taaffe, 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 of a Science Technology Engineering and Mathematics (STEM) building at the University of Houston-Victoria was approved.
The next item addressed on the agenda was Item F, Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction for the Core Renovation Project located at the University of Houston – F&A-F.

Mr. McShan stated that the Core Renovation Project included five (5) of the oldest facilities on campus. The first building on the list was the Science Building and renovation has already begun on this project. It was vacant when the project got underway and will serve as swing space during the rest of the renovation project. Mr. McShan explained that this request was to find a contractor that will oversee the remainder of the projects. It would prove more efficient to have one (1) vendor oversee the entire project especially since they are coordinated in sequence. The estimated time of completion would be in 2024 and the total estimated cost would be $100.0 million for the entire project.

On motion of Regent Mendoza, seconded by Regent Taaffe, 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 Core Renovation Project located at the University of Houston was approved.

The next item listed on the agenda was Item G, Approval is requested to delegate authority to the Chancellor to negotiate and execute the sale of two deed restricted parcels of land on Rockwood Drive at Wheeler Avenue, Houston, Texas – University of Houston System, F&A-G.

It was noted that this item was pulled and will be discussed at a later date.

The next item addressed on the agenda was Item H, Approval is requested to update the University of Houston System Board of Regents Finance and Administration Committee Charter – University of Houston System, F&A-H.

Mr. McShan stated that this was a housekeeping item. This request was to amend the Finance and Administration Committee Charter by adding a statement requiring the Committee to perform a review of the Charter annually, as required by Board of Regents Bylaw 5.2.

On motion of Regent Mendoza, seconded by Regent Taaffe, and by unanimous vote of the committee members in attendance, the request to update the University of Houston System Board of Regents Finance and Administration Committee Charter 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 Mendoza, seconded by Regent Taaffe, 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 August 23, 2018, Board of Regents meeting held later in the day as follows:
1. 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;

2. 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;

3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of a Science Technology Engineering and Mathematics (STEM) building at the University of Houston-Victoria – UH-Victoria;

4. Approval is requested to negotiate and execute contracts for design and construction for the Core Renovation Project located at the University of Houston – UH; and

5. Approval is requested to update the University of Houston System Board of Regents Finance and Administration Committee Charter – UH System.

The next item listed on the agenda was Item I, Annual Report on Intercollegiate Athletics at the University of Houston, F&A-I.

Mr. McShan introduced Mr. Chris Pezman, Vice President for Intercollegiate Athletics, who presented this item. Below is a brief summary of his remarks.

Mr. Pezman had recently joined the University of Houston and he introduced a few members of his staff who were present at the meeting as follows:

- David Tagliarino, Deputy Athletics Director
- Monty Porter, Chief Financial Officer
- T.J. Meagher, Sr. Associate Athletics Director for Capital Projects
- Lauren DuBois, Sr. Associate Athletics Director for Compliance, Academics & Financial Aid
- Maria Peden, Sr. Associate Athletics Director for Academic Services

Mr. Pezman stated the core mission of Athletics was Building Champions for Life; their vision To Be the Best; and their focus was on Student-Athlete Success. Athletics plans to achieve this through the use of seven (7) criteria: transparency and integrity, academic success, athletic success, student-athlete development, facility enhancements, fan engagement and revenue generation.

Mr. Pezman explained that there were three (3) levels of NCAA violations, with Level I being the most severe and Level III being the equivalent to a parking ticket. He also mentioned that the department had been very proactive with educating coaches, staff, and student athletes to promote an atmosphere of compliance within the department and identify areas of improvement. There were a total of twenty-five (25) violations within the past two (2) years, all of them Level III violations. Mr. Pezman stated that Level III infractions was a healthy process...
in the eyes of the NCAA as it showed proper monitoring and that institutional staff were self-reporting these violations.

With regards to Academic Success, Mr. Pezman mentioned that there was significant progress under the leadership of Ms. Peden. A few key indicators were mentioned such as 2.98 GPA being the highest ever spring term GPA for the program; 14.08 the highest ever spring term hours passed; 26% student athletes earned Dean’s List honors; and 2.92 overall GPA for all student-athletes. In addition, there were six (6) programs with perfect 1,000 single-year APR (Academic Progress Rate) in 2016-2017, including baseball, softball, women’s tennis, volleyball, and men’s and women’s golf. Mr. Pezman also highlighted a total of 21 student athletes who had obtained a 4.0 GPA during the spring 2018 term, from six (6) different sports, such as women’s golf, soccer, softball, swimming and diving, track and field, and volleyball.

Mr. Pezman commended student-athlete Micaela Bouter, Swimming & Diving, who recently graduated and was inducted into Phi Beta Kappa during spring 2018; nominated for NCAA Woman of the Year; two-time American Athletic Conference Female Scholar-Athlete of the Year; two-time Arthur Ashe Jr. Scholar-Athlete selection; four-time CSCAA Honorable Mention Scholar All-American; and four-time American All-Academic selection.

Mr. Pezman stated that in order to measure the university’s athletic success, the NCAA used a partnership with Learfield Cup, which entailed taking ten (10) female and ten (10) male sports at UH and rating them based on their level of performance throughout the year. Based on the latest rankings, UH finished number one (1) in the American Athletic Conference and number sixty-seven (67) on the national scale in 2017-2018.

The next key element, Mr. Pezman mentioned was student-athlete development. The Athletics department put together various workshops for the fall semester to help develop student-athletes on and off the field including, career guide, resume development and review, interview and professional dress, and networking and professional dress workshops, as well as a career summit that would allow student-athletes to meet with companies and practice their interview skills.

Next Mr. Pezman addressed facility enhancements, which included the projects listed below:

- Fertitta Center, total project cost of approximately $60 million and scheduled to open on December 1, 2018 in time for the first game of the season.
- Indoor Practice Facility, opened in December 2017; the total project cost totaled approximately $21 million and has made a significant impact on every one of the athletic programs.
- Dominic & Ellen Ng Academic Center for Excellence. This is new project was privately funded with a cost of approximately $1.5 million and opened in August 2018 and available to students-athletes.
- Cougar Den was funded through a NCAA Grant of $600,000 and was converted into a dinning and lounge space for student-athletes.
- Softball Stadium improvement which includes a new Hitting Facility & Video Board. This project was fully funded with an estimated cost of $1.25 million.
• Baseball Clubhouse was privately funded; and they continue to work on securing funding to complete the remainder of the project.

The next element discussed by Mr. Pezman was Fan Engagement. Some of the highlights noted by Mr. Pezman were as follows: two (2) football games with over two (2) million viewers (UH vs Texas Tech and UH vs Fresno State); 4.6 local viewership rating for Houston-Texas Tech football game; Ed Oliver landed a Sports Illustrated cover for the second time in the last three (3) years; and more than 5.5 million watched men’s basketball in NCAA tournament.

Mr. Pezman mentioned some of the key initiatives for 2018 which include: leadership in game experience; RedZone (Indoor Practice Facility); RV parking near TDECU Stadium; student seating enhancement; and value priced concessions.

Lastly, Mr. Pezman addressed Revenue Generations, which he considered a very active area for the Athletics division and felt very enthusiastic for the new/enhanced opportunities that were developed such as Athletics Facilities Licensing, IMG Ticket Solutions, secondary market ticket sales, IMG live – IPF RedZone (Indoor Practice Facility,) and finally Campus Partnership – Campus-wide Licensing Agreement.

Mr. Pezman concluded his remarks by noting the six (6) conference championships won in 2017-2018; thirteen (13) out of seventeen (17) programs participated in post-season games; men’s track and field finished third in the country; men’s basketball team had their first post-season win since 1984; baseball team was co-champion for the fifth consecutive year; football had participated in a bowl game; and women’s basketball won twenty (20) games successively. Mr. Pezman also mentioned that student-athletes continue to succeed academically and coaches and staff continue to make progress, as well as the significant growth of the UH brand and pride.

A brief discussion followed.

This item was for information only and no board action was required.

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 3:00 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.

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Others Present:
Renu Khator            Raymond Bartlett            David Oliver
Jim McShan             Emily Messa                Sabrina Hassumani
### Others Present (cont’d):

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<td>Paula Myrick Short</td>
<td>Maria Peden</td>
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<td>Dona Cornell</td>
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<td>Eloise Dunn Brice</td>
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