

**UNIVERSITY OF HOUSTON SYSTEM**  
**Finance and Administration Committee**  
**Friday, February 10, 2009**  
**8:30 a.m. – 10:30 a.m.**

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# AGENDA

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## UNIVERSITY OF HOUSTON SYSTEM FINANCE AND ADMINISTRATION COMMITTEE MEETING

**DATE:** Tuesday, February 10, 2009

**TIME:** 8:30 a.m.

**PLACE:** University of Houston  
3100 Cullen Boulevard  
Athletics/Alumni Building  
Melcher Board Room 100B  
Houston, Texas 77204

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**Chair:** Calvin W. Stephens

**Vice Chair:** Jacob M. Monty

**Members:** Dennis D. Golden

Mica Mosbacher

Welcome W. Wilson, Sr., Ex Officio

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### FINANCE AND ADMINISTRATION COMMITTEE

A. Call to Order

B. Contract to Provide Food Service for the University of  
Houston System – UH System

F&A -1

**Action:** Approval

C. Contract to Provide Bookstore Services for the University  
of Houston System – UH System

F&A -2

**Action:** Approval

D. Approval of the Undergraduate Housing Budget –  
University of Houston

F&A -3

**Action:** Approval

- E. FY 2008 Reductions in Net Capital Assets – UH System F&A - 4  
**Action:** Approval
- F. Accounts and Notes Receivable Write-offs – UH System F&A - 5  
**Action:** Approval
- G. Banking Resolution – UH Downtown – UH System F&A - 6  
**Action:** Approval
- H. Contract to Provide Natural Gas Service for the University of Houston – University of Houston F&A - 7  
**Action:** Approval
- I. Insurance Renewals for Fiscal Year 2009 – UH System F&A - 8  
**Action:** Approval
- J. Consolidated Revenue Commercial Paper Notes – UH System F&A - 9  
**Action:** Approval
- K. FY 2008 Annual Financial Report – UH System F&A - 10  
**Action:** Information
- L. Contract to Provide Electrical Service for the University of Houston System – UH System F&A - 11  
**Action:** Information
- M. Adjourn

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Contract to Provide Food Service for the University of Houston System

**DATE PREVIOUSLY SUBMITTED:** N/A

**SUMMARY:**

Approval is requested for a Delegation of Authority to the Chancellor to negotiate and execute the master food service contract with ARAMARK upon agreement of the General Terms and Conditions. The existing master food service contract with ARAMARK expires in August 2010. The UH System is re-negotiating its agreement with ARAMARK, the current food service provider, in order to provide funding for the renovation of Moody Towers dining hall. This renovation is necessary to accommodate the increased residential population in the proposed freshman housing village.

**FISCAL NOTE:**

**SUPPORTING  
DOCUMENTATION:**

**ACTION REQUESTED:** Approval

**COMPONENT:** University of Houston System

**PRESIDENT**



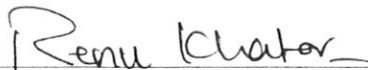
**DATE**

1/30/09

**EXECUTIVE VICE CHANCELLOR**

Carl Carlucci

**DATE**



**CHANCELLOR**

Renu Khator

**DATE**

1/29/09

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Contract to Provide Bookstore Services for the University of Houston System

**DATE PREVIOUSLY SUBMITTED:** N/A

**SUMMARY:**

Approval is requested for a Delegation of Authority to the Chancellor to negotiate and execute the master bookstore contract with Barnes and Noble College Booksellers, Inc. upon agreement of the General Terms and Conditions. The existing master bookstore contract with Barnes and Noble College Booksellers, Inc. expires in December 2010. The UH System is re-negotiating its agreement with Barnes and Noble College Booksellers, Inc., the current bookstore service provider, in order to provide funding for the construction of the new Calhoun Loft store, the UH Sugarland Store and the minor renovation of the UH Main and UH Clear Lake stores. The additional stores and the minor renovation of the existing UH Main and UH Clear lake stores is necessary to accommodate the increased student population and to enhance student access throughout the UH System.

**FISCAL NOTE:**

**SUPPORTING  
DOCUMENTATION:**

Barnes and Noble Contract Renewal

**ACTION REQUESTED:**

Approval

**COMPONENT:**

University of Houston System

**PRESIDENT**



**DATE**

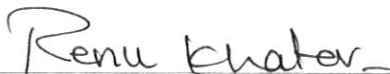
1/30/09

**EXECUTIVE VICE CHANCELLOR**

Carl Carlucci

**DATE**

**CHANCELLOR**



Renu Khator

**DATE**

1/29/09



# Barnes & Noble Contract Renewal

Finance and Administration Committee  
February 10, 2009

# Contract Term Changes

## Current

- Guaranteed Payment/Percentage Payment- \$2,700,000 or 13.1% of all gross sales from \$0 to \$13,000,000, 12.1% of all gross sales from \$13,000,000 to \$16,000,000, 11.1% of all gross sales over \$16,000,000
- Annual Textbook Scholarships in the amount of \$20,000
- Contract expires December 2010

## Proposed

- Guaranteed Payment/Percentage Payment- \$2,700,000 or 12% of all gross sales from \$0 to \$13,000,000, 13% of all gross sales from \$13,000,000 to \$16,000,000, 14% of all gross sales over \$16,000,000
- Annual Textbook Scholarships in the amount of \$20,000
- Capital Commitment of \$750,000 to design, construct, renovate and equip the new Calhoun Loft and Sugarland store and perform some minor renovations of the UH Main and Clearlake stores.
- Extend contract by 5 years, new end date December 2015

# University's Mission

- The contract extension will directly support the university's mission of ensuring student success and academic excellence by strengthening the partnership with Barnes and Noble as they continue to provide a critical service to the UH System.
- The new Calhoun Lofts and Sugarland stores will accommodate the increased student population and enhance student access throughout the UH System.



**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Approval of the Undergraduate Housing Budget

**DATE PREVIOUSLY  
SUBMITTED:**

**SUMMARY:** Approval is requested for the budget and construction of Undergraduate Housing (Wheeler Precinct) facility. The proposed facility comprises approximately 1000 beds and 175,500 ASF/270,000 GSF. Proposed project budget is \$59,750,000.

Details of the project are provided in the attached supporting documentation.

**FISCAL  
NOTE:**

Bond Funding

**SUPPORTING  
DOCUMENTATION:**

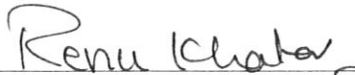

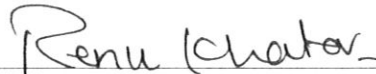
Project Budget and Construction  
Schedule

**ACTION REQUESTED:**

Approval

**COMPONENT:**

University of Houston

<b>PRESIDENT</b>	 Renu Khator	<b>DATE</b>
<b>EXECUTIVE VICE CHANCELLOR</b>	 Carl Carlucci	<b>DATE</b> 1/30/09
<b>CHANCELLOR</b>	 Renu Khator	<b>DATE</b> 1/29/09

**University of Houston**  
**Undergraduate Housing Budget and Construction Schedule**

**PROPOSED BUDGET**

Construction Cost	\$46,461,000
Professional Services	\$ 2,868,000
Materials and System Testing	\$ 925,000
Project Management	\$ 1,792,000
Furniture and Moveable Equipment	\$ 2,300,000
Art	\$ 465,000
Project and Contractor Contingencies	<u>\$ 4,939,000</u>
<b>TOTAL PROJECT COST</b>	<b>\$59,750,000</b>

**PROPOSED SCHEDULE**

February 2009	BOR Review and Approval
March 2009	THECB Approval
April 2009	Site/ Utilities Construction Begins
July 2009	Building Construction Begins
August 2010	Building Construction Completed

# **University of Houston**

## **Undergraduate Housing Budget and Construction Schedule**

### **DOCUMENTATION PAGE**

The project encompasses the design and construction of Phase 1 of an undergraduate residence facility consisting of 1000 beds in two-bedroom, shared-bath units with related amenities, support staff, and resident staff/resident assistant apartments.

Four shortlisted design-build teams, selected by an RFQ process for relevant experience and capabilities, returned conceptual designs and proposals January 20, 2009. Those proposals are being evaluated and one team will be chosen in February 2009.

Project cost is approximately \$220/SF or \$60,000 per Bed.

February 10, 2009

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** FY 2008 Reductions in Net Capital Assets

**SUMMARY:** Approval is requested to write off obsolete equipment and library book inventories with a total residual value of \$301,666 for FY2008 for the Universities of Houston, Clear Lake, Downtown, Victoria and System Administration. The residual value of \$301,666 pertains to \$33.6 million in original book value less \$33.3 million in accumulated depreciation. For FY 2007, the comparable reduction of inventory had residual value of \$429,592 with a book value of \$8.2 million and accumulated depreciation of \$7.7 million.

In the disposal of obsolete inventory, the University follows state guidelines for the disposal of fixed assets, which includes sales by public auction, trade-in for purchases, transfers to assistance organizations such as school districts, and, for the library, the removal of books and periodicals from circulation.

	<u>FY 2008</u>	<u>FY 2007</u>
University of Houston	\$ 217,394	\$ 423,409
UH System Administration	190	0
UH - Clear Lake	0	0
UH - Downtown	84,082	6,183
UH - Victoria	<u>0</u>	<u>0</u>
	<u>\$ 301,666</u>	<u>\$ 429,592</u>

**SUPPORTING DOCUMENTATION:** Schedule of Reduction in Capital Assets for the FY 2008. Detailed schedules are on file in the UH Division of Finance Offices.

**ACTION REQUESTED:** Approval

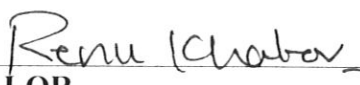
**COMPONENT:** University of Houston System

**PRESIDENT**

**DATE**

  
EXECUTIVE VICE CHANCELLOR Carl Carlucci

1/30/09  
**DATE**

  
CHANCELLOR Renu Khator

1/29/09  
**DATE**

**University of Houston System  
Reductions in Capital Assets  
Fiscal Year 2008**

<u>Summary by Type of Reduction</u>	<u>ORIGINAL COST</u>	<u>DEPRECIATION</u>	<u>RESIDUAL VALUE</u>
Equipment			
Sold	\$ 217,512	\$ 211,703	\$ 5,809
Salvaged	1,190,545	1,106,462	84,083
Obsolete	27,449,271	27,282,432	166,839
Traded - In	132,108	114,984	17,124
Lost/Stolen	61,653	57,817	3,836
Transferred to Assistance Organizatio	92,958	92,768	190
Transferred to Other Government Units	55,495	31,709	23,786
<b>Total Reductions in Equipment</b>	<u>29,199,541</u>	<u>28,897,875</u>	<u>301,666</u>
Library Books			
Withdrawn From Circulation	<u>4,361,766</u>	<u>4,361,766</u>	<u>-</u>
<b>Total Reductions in Capital Assets</b>	<u>\$ 33,561,307</u>	<u>\$ 33,259,641</u>	<u>\$ 301,666</u>
<u>Summary by Campus</u>			
University of Houston	\$ 28,147,508	\$ 27,930,114	\$ 217,394
UH System Administration	13,631	13,441	190
UH-Clear Lake	640,693	640,693	-
UH-Downtown	4,575,952	4,491,870	84,082
UH-Victoria	183,523	183,523	-
<b>Total Reductions in Capital Assets</b>	<u>\$ 33,561,307</u>	<u>\$ 33,259,641</u>	<u>\$ 301,666</u>

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration



**ITEM:** Accounts and Notes Receivable Write-offs

**SUMMARY:** Approval is requested to write off Accounts and Notes Receivable totaling \$1,069,117 (in 3,220 accounts) for Fiscal Year 2008 for the Universities of Houston, Clear Lake, Downtown, and Victoria. The comparable FY 2007 write off for all universities was \$928,080 (in 2,860 accounts), as summarized in the table below. State universities are required by law to offer installment payments for tuition and fees to students without consideration of credit history or ability to repay.

	<u>FY 2008</u>	<u>FY 2007</u>
University of Houston	\$ 352,578	\$ 268,086
University of Houston – System	0	0
UH - Clear Lake	195,172	149,708
UH - Downtown	453,346	493,562
UH - Victoria	<u>68,021</u>	<u>16,724</u>
	<u>\$1,069,117</u>	<u>\$ 928,080</u>

**SUPPORTING DOCUMENTATION:** Schedule of Accounts and Notes Receivable Write-Offs for FY 2008. Detailed schedules are on file in the UH Division of Finance Offices.

**ACTION REQUESTED:** Approval  
**COMPONENT:** University of Houston System

<b>PRESIDENT</b>	_____	<b>DATE</b>	_____
			
<b>EXECUTIVE VICE CHANCELLOR</b>	Carl Carlucci	<b>DATE</b>	1/30/09
			
<b>CHANCELLOR</b>	Renu Khator	<b>DATE</b>	1/29/09

UNIVERSITY OF HOUSTON SYSTEM  
SCHEDULE OF ACCOUNTS AND NOTES RECEIVABLE WRITE OFFS

Proposed Write-Off:	-----Delinquent Accounts and Notes Receivable Written off in 2008-----					
	Total Delinquent Accounts From 2006 and Earlier	UHS	UH	UHCL	UHD	UHV
Federal						
Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & Contracts	-	-	-	-	-	-
Non-Federal						
Loans	310,788	-	-	93,511	181,405	35,872
Tuition & Fees	724,216	-	330,825	89,301	271,941	32,149
Sales & Services	34,113	-	21,753	12,360	-	-
Grants & Contracts	-	-	-	-	-	-
Payroll	-	-	-	-	-	-
Court Ordered Restitution	-	-	-	-	-	-
<b>Total Write Off</b>	<b>\$ 1,069,117</b>	<b>\$ -</b>	<b>\$ 352,578</b>	<b>\$ 195,172</b>	<b>\$ 453,346</b>	<b>\$ 68,021</b>
Write Offs against Reserves	\$ 885,832	\$ -	\$ 330,825	\$ 101,661	\$ 453,346	\$ -
Write Offs against Fund Balance	183,285	-	21,753	93,511	-	68,021
Largest Single Write Off	\$ 10,292	\$ -	\$ 10,292	\$ 4,474	\$ 5,978	\$ 4,972
# of Student Accts Written Off	3,220	-	950	1,104	1,088	78

All UH components, accounts and notes receivable, other than federal loan programs, are written off if more than two years past due and collection efforts have been exhausted.

Federal regulations do not permit the write off of federal loans. Each campus has established a reserve for uncollectible federal loans to report receivables at a realistic asset value.

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Banking Resolution – UH-Downtown

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:** Approval is requested to amend the banking resolution for the University of Houston Downtown operating account to expand the list of staff authorized to endorse checks payable to the university. This endorsement authority is primarily used by the university to endorse student loan checks made jointly payable to the university and the student. The university endorses the check payable to the student if the student does not owe the university any money.

The following staff currently have endorsement authority on this account:

Carl Carlucci, Executive Vice Chancellor for Administration and Finance, UHS	No change
Tom Ehardt, Associate Vice Chancellor for Finance, UHS	No change
Raymond Bartlett, Treasurer, UHS	No change
E.A. Montgomery, Mgr., Treasury Operations, UHS	No change
Sheryl Walton, Mgr., Cash & Bank Administration, UHS	No change
David M. Bradley, Vice President for Administration and Finance, UHD	No change

The following staff will be granted endorsement authority on this account:

George W. Anderson, Assistant Vice President, Business Affairs, UHD	<b>Add</b>
Patricia Jacobson, Director - Student Accounting, Cashiering & Collections, UHD	<b>Add</b>

**FISCAL NOTE:**

**SUPPORTING  
DOCUMENTATION:**

**ACTION REQUESTED:** Approval

**COMPONENT:** University of Houston System

**PRESIDENT**



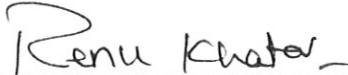
**EXECUTIVE VICE CHANCELLOR**

Carl P. Carlucci

**DATE**

1/30/09  
**DATE**

**CHANCELLOR**



Renu Khator

1/29/09  
**DATE**



**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Contract to Provide Natural Gas Service for the University of Houston

**DATE PREVIOUSLY** N/A

**SUBMITTED:**

**SUMMARY:**

The existing natural gas supply contract with CenterPoint Energy for the UH Power Plant, which supplies natural gas to most of the buildings on the UH campus, will expire in March 2009. The University of Houston, through a Request for Proposal (RFP) bidding procedure, will select the provider offering the most economical and reliable source for natural gas energy. Approval is requested for a Delegation of Authority to the Chancellor to negotiate and execute a three (3) year contract with the selected provider upon agreement of the General Terms and Conditions.

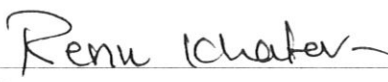
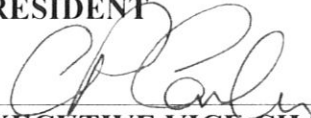

In the event that a new contract cannot be negotiated by March 1, 2009, approval is requested to extend the existing contract to April 1, 2009 to allow additional time to negotiate the best possible three year contract for the UH Power Plant. The other UH System metered locations are not large enough to negotiate their own natural gas contract, and we are not allowed to aggregate our natural gas meters to negotiate a single contract for all of UH System.

**FISCAL NOTE:** UH Power Plant natural gas expenditures were \$3,654,000 in FY2008.

**SUPPORTING  
DOCUMENTATION:**

**ACTION REQUESTED:** Approval

**COMPONENT:** University of Houston

 _____ <b>PRESIDENT</b>	Renu Khator	<b>DATE</b>
 _____ <b>EXECUTIVE VICE CHANCELLOR</b>	Carl Carlucci	<b>DATE</b> 1/30/09
 _____ <b>CHANCELLOR</b>	Renu Khator	<b>DATE</b> 1/29/09

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Insurance Renewals for Fiscal Year 2009

**DATE PREVIOUSLY  
SUBMITTED:**

**SUMMARY** Most of the UH System's insurance policies renew March 1 or April 30, 2009. The current annualized insurance expense is approximately \$3.6 million. The impact of Hurricane Ike and the global financial environment is still being determined. However the premium for property insurance is expected to increase. Approval is requested to Delegate Authority to the Chancellor to negotiate and execute contracts for insurance coverage for the University for Fiscal Year 2009 in an amount not to exceed the total premiums of \$5 million.

**FISCAL NOTE:** Estimated annual premiums not to exceed \$5,000,000.

**SUPPORTING DOCUMENTATION:** Insurance Renewal Status Report

**ACTION REQUESTED:** Approval

**COMPONENT:** University of Houston System

\_\_\_\_\_  
**PRESIDENT**

\_\_\_\_\_  
**DATE**

  
\_\_\_\_\_  
**EXECUTIVE VICE CHANCELLOR**

Carl Carlucci

\_\_\_\_\_  
**DATE**

1/30/09

  
\_\_\_\_\_  
**CHANCELLOR**

Renu Khator

\_\_\_\_\_  
**DATE**

1/29/09

## University of Houston System Insurance Renewal Status Report

### Current and Projected Insurance Premiums

The University of Houston System's insurance program for Fiscal Year 2008 consists of over 20 policies with an aggregate annual cost of \$3.6 million. The following is a summary of current and projected premiums by policy type and component. Note the premium for property insurance in FY09 may rise to \$3.8 million.

Policy Type	Annualized Premium FY07	Annualized Premium FY08	Projected Annual Premium FY09
Property	\$3,254,407	\$2,425,654	\$3,000,000
NCAA Medical Accident	\$440,338	\$543,500	\$450,000
Directors & Officers / Employment Practices Liability	\$273,166	\$248,022	\$260,000
Medical Malpractice	\$120,030	\$113,125	\$120,000
Automobile	\$127,810	\$128,798	\$130,000
All Others (18 Policies)	\$175,867	\$173,485	\$175,000
Total	\$4,391,618	\$3,632,583	\$4,135,000

Component	Annualized Premium FY07	Annualized Premium FY08	Projected Annual Premium FY09
UH System	\$89,281	\$86,710	\$90,000
UH	\$3,561,197	\$3,037,153	\$3,490,000
UH – Downtown	\$285,719	\$207,427	\$220,000
UH – Clear Lake	\$379,084	\$249,147	\$275,000
UH Victoria	\$76,337	\$52,147	\$60,000
Total	\$4,391,618	\$3,632,583	\$4,135,000

### Renewal Process

The State Office of Risk Management (SORM) administers the Property, Directors and Officers/Employment Practices, and Automobile insurance programs through statewide insurance programs. Willis of Texas brokers most of the others and is obtaining quotes to compete with each of insurance programs administered by SORM. Quotes for most of the policies will be received in mid February with renewals March 1, 2009 and the property quotes will be received in late March with renewals April 30, 2009.

### Marketing Projections

Most insurance policies are expected to renew with little premium change but the Hurricane Ike loss and global financial environment will probably have a negative impact on the property insurance renewal cost.

February 10, 2009

**Renewal Strategy**

Competitive quotations are being obtained for all of the larger premium insurance policies, including Property, Directors and Officers/Employment Practices and Property insurance (those administered by the State Office of Risk Management). Since there is a possibility that hurricane insurance may exceed a manageable cost, a not-to-exceed cost for property insurance of \$3.8 million is being proposed. Excluding hurricane coverage or reducing the coverage limits below reasonable loss expectations is not an option as neither the State of Texas nor FEMA may provide assistance in the event of a major loss.

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Consolidated Revenue Commercial Paper Notes

**DATE PREVIOUSLY  
SUBMITTED:**

**SUMMARY:** Approval is requested to increase the UH System's consolidated revenue commercial paper program to a maximum principal amount not to exceed \$125 million outstanding at any time and provide for the issuance of tax-exempt and/or taxable notes. The note proceeds will provide funds for authorized purposes, including interim financing for the purchase and/or construction of system-wide projects. The Master Resolution for the consolidated revenue bonds was approved by the Board of Regents on April 25, 1990. The Twentieth Supplemental Resolution (i) repeals the Seventeenth Supplemental Resolution that established the original commercial paper program (ii) appoints the Chair of the Finance and Administration Committee, the Executive Vice Chancellor for Administration and Finance, the Associate Vice Chancellor for Finance, and the Treasurer as Authorized System Representatives for the commercial paper program and (iii) authorizes the execution of required documentation for the commercial paper program. Preparation of the definitive Offering Memorandum will be subject to such additional changes as may be approved by an Authorized System Representative, who shall also be authorized to take such other administrative actions as shall be necessary in connection with the establishment and administration of the commercial paper program.

We request Board approval of the Twentieth Supplemental Resolution, the Offering Memorandum and other documentation required to establish the commercial paper program for the System's Consolidated Revenue Commercial Paper Notes.

**FISCAL NOTE:** Current authorization is \$50 million. Outstanding commercial paper notes: \$0 (as of 2/10/09)

**SUPPORTING DOCUMENTATION:** Commercial paper program documents

**ACTION REQUESTED:** Approval

**COMPONENT:** University of Houston System

\_\_\_\_\_  
**PRESIDENT**

\_\_\_\_\_  
**DATE**

  
\_\_\_\_\_  
**EXECUTIVE VICE CHANCELLOR** Carl Carlucci

  
\_\_\_\_\_  
**DATE**

  
\_\_\_\_\_  
**CHANCELLOR** Renu Khator

  
\_\_\_\_\_  
**DATE**

UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: FY 2008 Annual Financial Report

DATE PREVIOUSLY SUBMITTED:

SUMMARY: An overview of the FY 2008 Annual Financial Report will be presented by David J. Ellis, Executive Director for Financial Reporting.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: The Annual Financial Report Document is available on the University Website

ACTION REQUESTED: Information

COMPONENT: University of Houston System

PRESIDENT



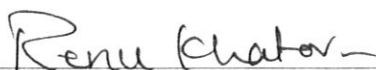
EXECUTIVE VICE CHANCELLOR

Carl Carlucci

DATE

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CHANCELLOR



Renu Khator

DATE

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DATE

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Finance and Administration

**ITEM:** Contract to Provide Electrical Service for the University of Houston System

**DATE PREVIOUSLY** N/A

**SUBMITTED:**

**SUMMARY:**

Sempra Energy Solutions was awarded the electricity contract. Of the three finalists, they were the lowest bidder and had the highest credit rating (AA). They offered the following prices:

\$64.17 / MWh for the Houston Zone (UH, UHCL, UHD, Cinco Ranch, and Sugarland)  
\$60.10 / MWh for the South Zone (UHV)

Sempra also made a contractual commitment to utilize 25% HUB subcontractors without any additional cost:

Seller shall use commercially reasonable efforts to purchase approximately twenty-five (25) percent of Buyer's Contract Quantities from Historically Underutilized Businesses (HUB) as defined by Texas Government Code Section 2161.001. Notwithstanding the foregoing, in the event that Seller does not purchase electricity from a HUB for any reason, Seller shall not be considered in Default or otherwise obligated to purchase HUB electricity under the Agreement. The Parties further agree that if Electricity is procured on behalf of Buyer from a HUB, Seller will provide confirmation of such, including the: (a) legal entity name of the HUB; (b) HUB vendor identification number; (c) quantity of electricity purchased; and (d) the term of delivery.

Sempra's prices are over \$11 / MWh lower than our current contract with Constellation New Energy.

**FISCAL NOTE:** Estimated annual savings over the previous contract is \$2,897,500.

**SUPPORTING DOCUMENTATION:**

**ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System

**PRESIDENT**

**DATE**

  
**EXECUTIVE VICE CHANCELLOR**

Carl Carlucci

**DATE**

1/30/09

**CHANCELLOR**

  
Renu Khator

**DATE**

1/29/09