

UNIVERSITY OF HOUSTON SYSTEM
Finance and Administration Committee Meeting
10:15 a.m. – 12:15 p.m.
May 18, 2011

AGENDA

UNIVERSITY OF HOUSTON SYSTEM FINANCE AND ADMINISTRATION COMMITTEE MEETING

DATE: Wednesday, May 18, 2011

TIME: 10:15 a.m.

PLACE: Hilton University of Houston Hotel
Waldorf Astoria Ballroom E, Second Floor
4800 Calhoun
Houston, Texas 77204

Chair: Jim P. Wise
Vice Chair: Jarvis V. Hollingsworth
Members: Nandita V. Berry
Carroll Robertson Ray, Ex Officio

FINANCE AND ADMINISTRATION COMMITTEE

- A. Call to Order
- B. Approval of Committee Minutes
- February 16, 2011 Finance and Administration Committee Minutes
- Action:** Approval
- C. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$50 million for design and construction of the University of Houston Cougar Village Phase II Residence Hall – University of Houston F&A – 1
- Action:** Approval
- D. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$9.3 million for design and construction of the University of Houston West Dining Hall – University of Houston F&A – 2
- Action:** Approval

- E. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$7.5 million for design and renovation of the Energy Research Park Building One at the University of Houston – University of Houston F&A – 3

Action: Approval

- F. Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract in excess of \$1 million with Today's Business Solutions for providing office supplies to the University of Houston – University of Houston F&A – 4

Action: Approval

- G. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for purchase of property adjacent to the University of Houston-Victoria campus, needed for future campus expansion – University of Houston-Victoria F&A – 5

Action: Approval

- H. Adjourn

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

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$50 million for design and construction of the University of Houston Cougar Village Phase II Residence Hall.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$50 million for design and construction of the University of Houston Cougar Village Phase II Residence Hall.

This project is the second phase of freshmen residence halls to be located on Wheeler Avenue along the southern edge of the UH campus. Like Cougar Village Phase I this project will consist of two-bedroom, shared-bath units (approximately 1100 beds total) with staff and support space, and resident staff/resident assistant apartments.


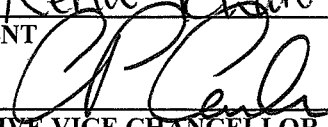
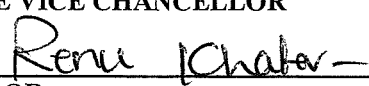
SUPPORTING

DOCUMENTATION: Financial Pro Forma, Business Plan, Timeline, Site Plan

FISCAL NOTE: Bonds Supported by Residence Hall rents, \$50 million Total

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston

PRESIDENT	 Renu Khator	5/6/11 DATE
EXECUTIVE VICE CHANCELLOR	 Carl Carlucci	5/2/2011 DATE
CHANCELLOR	 Renu Khator	5/6/11 DATE

Cougar Village Phase II Budget

Construction Cost	\$38,945,000
Professional Services Fees	\$3,457,000
Project Management Fee	\$1,500,000
Furniture and Moveable Equipment	\$2,300,000
IT Infrastructure and Security	\$850,000
Administrative Costs	\$448,000
Contingencies	\$2,500,000
TOTAL PROJECT COST	\$50,000,000

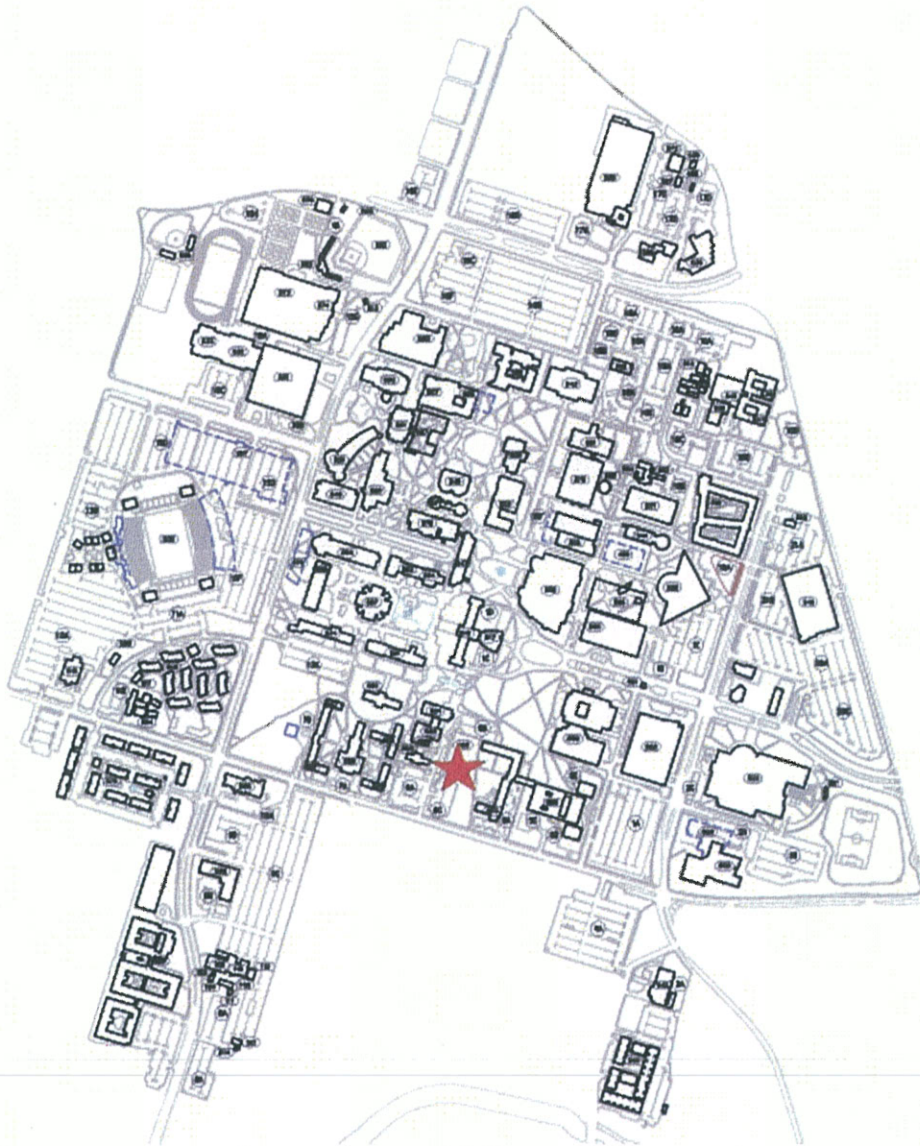
Proposed Project Schedule

Program confirmation	July 2011
Design starts	September 2011
Construction starts	March 2012
Occupancy	June 2013

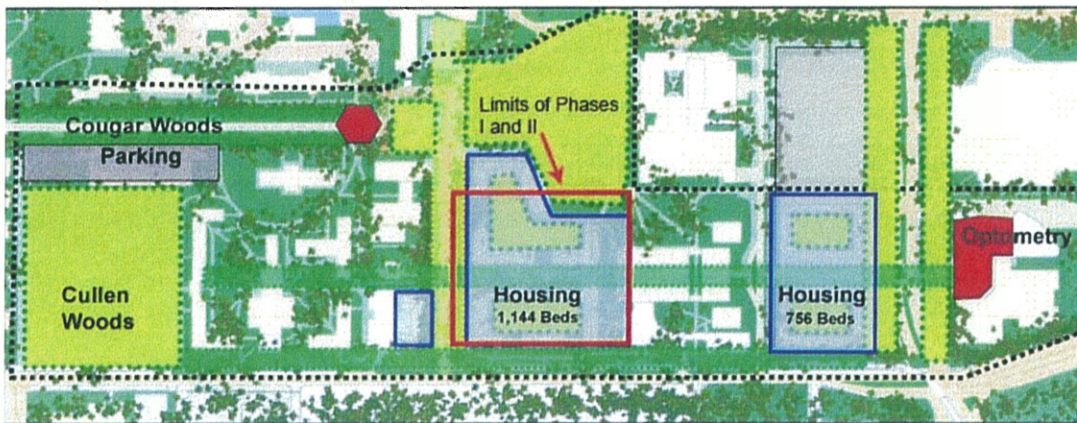
Funding Sources

Auxiliary Revenues (Bonds) – Housing Fees	\$50,000,000
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SITE MAP



WHEELER PRECINCT PLAN



University of Houston
Residential Life & Housing
Cougar Village 2
Financial Proforma

	Year 1 Fall 2013	Year 2 Fall 2014	Year 3 Fall 2015	Year 4 Fall 2016	Year 5 Fall 2017	Year 6 Fall 2018	Year 7 Fall 2019	Year 8 Fall 2020	Year 9 Fall 2021	Year 10 Fall 2022
Revenue										
Double Occupancy Suite	\$ 7,899,045	\$ 8,136,016	\$ 8,380,097	\$ 8,631,500	\$ 8,890,445	\$ 9,157,158	\$ 9,431,873	\$ 9,714,829	\$ 10,006,274	\$ 10,306,462
Single Occupancy Suite	286,416	295,008	303,859	312,974	322,364	332,035	341,996	352,256	362,823	373,708
Total Rental Revenue	8,185,461	8,431,025	8,683,956	8,944,474	9,212,809	9,489,193	9,773,869	10,067,085	10,369,097	10,680,170
Less Weighted Vacancy @ 15%	(1,227,819)	(1,264,654)	(1,302,593)	(1,341,671)	(1,381,921)	(1,423,379)	(1,466,080)	(1,510,063)	(1,555,365)	(1,602,026)
Net Housing Revenue	6,957,642	7,166,371	7,381,362	7,602,803	7,830,887	8,065,814	8,307,788	8,557,022	8,813,733	9,078,145
Expenses										
Operating Budget	2,857,463	2,943,187	3,031,483	3,122,427	3,216,100	3,312,583	3,411,960	3,514,319	3,619,749	3,728,341
Project Reserves	173,941	179,159	184,534	190,070	195,772	201,645	207,695	213,926	220,343	226,954
Bad Debt	69,576	71,664	73,814	76,028	78,309	80,658	83,078	85,570	88,137	90,781
Net Housing Expenses	3,100,981	3,194,010	3,289,830	3,388,525	3,490,181	3,594,886	3,702,733	3,813,815	3,928,229	4,046,076
Net Operating Income	3,856,661	3,972,361	4,091,532	4,214,278	4,340,706	4,470,928	4,605,055	4,743,207	4,885,503	5,032,068
Debt Service Housing	(3,434,998)	(3,434,998)	(3,434,998)	(3,434,998)	(3,434,998)	(3,434,998)	(3,434,998)	(3,434,998)	(3,434,998)	(3,434,998)
Net Cash Flow	\$421,663	\$537,363	\$656,534	\$779,280	\$905,708	\$1,035,929	\$1,170,057	\$1,308,209	\$1,450,505	\$1,597,070
Debt Coverage Ratio	1.12	1.16	1.19	1.23	1.26	1.30	1.34	1.38	1.42	1.46
Cumulative Cash Flow	\$ 421,663	\$ 959,026	\$ 1,615,560	\$ 2,394,840	\$ 3,300,548	\$ 4,336,478	\$ 5,506,535	\$ 6,814,744	\$ 8,265,249	\$ 9,862,319
Cumulative Project Reserves	\$ 173,941	\$ 353,100	\$ 537,634	\$ 727,704	\$ 923,477	\$ 1,125,122	\$ 1,332,817	\$ 1,546,742	\$ 1,767,086	\$ 1,994,039

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

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$9.3 million for design and construction of the University of Houston West Dining Hall.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$9.3 million for design and construction of the University of Houston West Dining Hall. This project was approved by the FC&MP Committee at the February 2011 meeting.



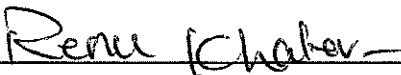
The facility will be an approximately 15,000 NSF/25,000 GSF dining hall to support the residents of the Quads, the new Cougar Place Replacement Project and the needs of the campus community on the west side of campus.

SUPPORTING DOCUMENTATION: Financial Pro Forma, Business Plan, Timeline, Site Plan

FISCAL NOTE: \$5 M – Bonds (Auxiliary Revenues)
\$4.3 M - Cash (Auxiliary Revenues)

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston

PRESIDENT	 Renu Khator	5/6/11 DATE
EXECUTIVE VICE CHANCELLOR	 Carl Carlucci	5/2/2011 DATE
CHANCELLOR	 Renu Khator	5/6/11 DATE

West Dining Hall Budget

Construction Cost	\$6,847,000
Professional Services Fees	\$1,051,000
Project Management Fee	\$271,000
Furniture and Moveable Equipment	\$275,000
IT Infrastructure and Security	\$56,000
Administrative Costs	\$82,000
Contingencies	\$718,000
TOTAL PROJECT COST	\$9,300,000

Proposed Project Schedule

Design starts	May 2011
Construction starts	Oct. 2011
Substantial Completion	June 2012
Occupancy	Aug. 2012

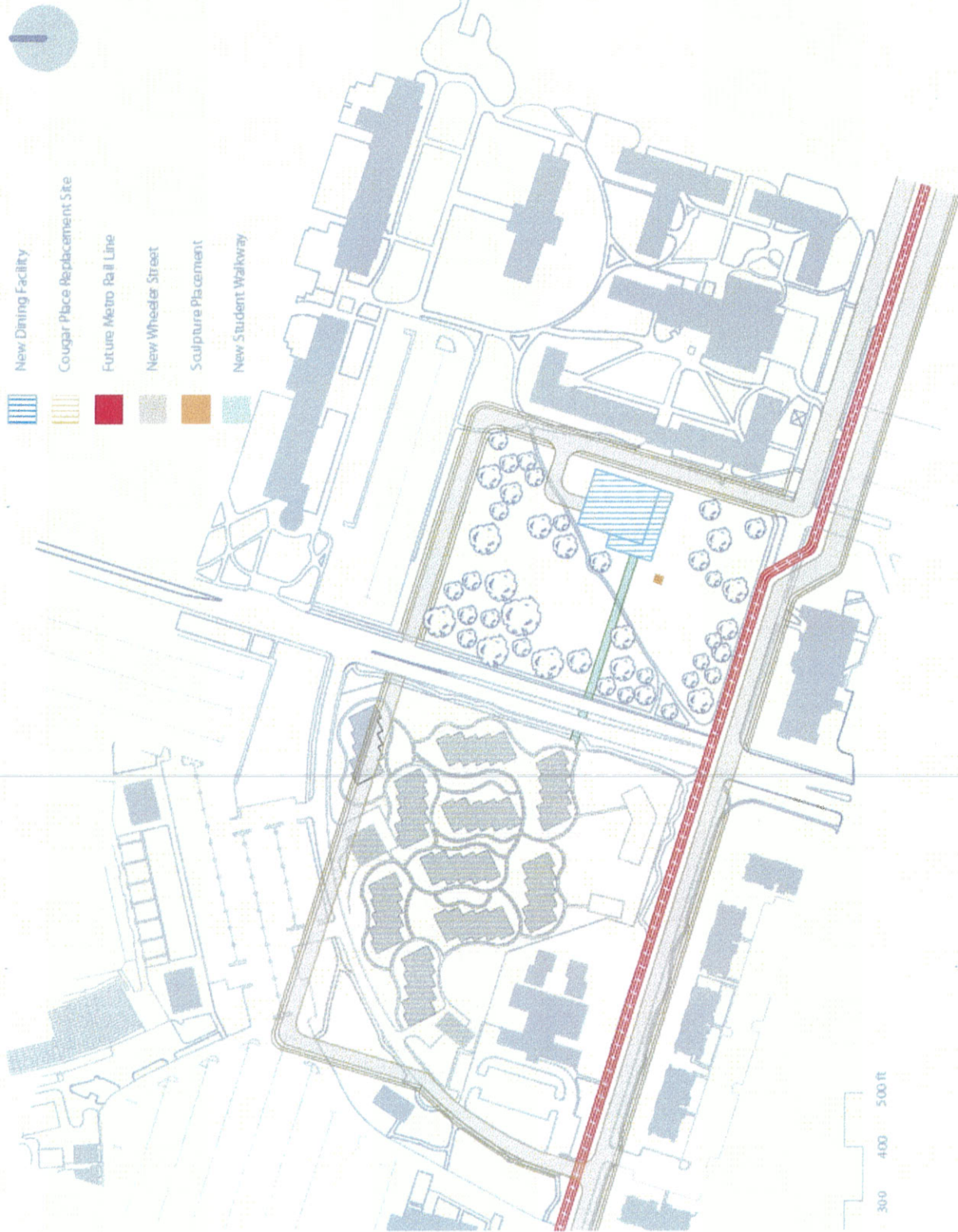
Funding Sources

\$5,000,000.00 – Bonds (Auxiliary Revenues)

\$3,300,000.00 - Cash (Auxiliary Revenues)

\$1,000,000.00 – Bonds (Moody Towers)

SITE MAP





University of Houston
Master Food Service
Financial Pro Forma

	2011	2012	2013	2014	2015	2016
Revenue						
Commission	\$ 1,435,000	\$ 1,651,000	\$ 1,757,000	\$ 1,883,000	\$ 2,012,000	\$ 2,090,000
Capital Contribution	650,000	510,000	-	-	100,000	250,000
Lease	800,000	1,000,000	1,030,000	1,061,000	1,093,000	1,126,000
Other	285,000	385,000	460,000	465,000	470,000	475,000
Total Revenue	3,170,000	3,546,000	3,247,000	3,409,000	3,675,000	3,941,000
Expenses						
Operating	(701,612)	(794,110)	(831,983)	(850,243)	(983,900)	(1,002,967)
Capital Investment	(650,000)	(510,000)	-	-	(100,000)	(250,000)
Total Expenses before Debt Service	(1,351,612)	(1,304,110)	(831,983)	(850,243)	(1,083,900)	(1,252,967)
Net Cash Flow before Debt Service	1,818,388	2,241,890	2,415,017	2,558,757	2,591,100	2,688,033
Debt Service						
Calhoun Lofts - food service contribution	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
UC Project - Pro forma food service contrib.	-	(420,056)	(420,056)	(420,056)	(420,056)	(420,056)
Stadium Garage - food service contribution	-	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Moody Towers Dining Hall	(876,495)	(873,038)	(874,163)	(874,307)	(873,020)	(875,595)
West Dining Facility - Pro forma	(25,000)	(525,070)	(525,070)	(525,070)	(525,070)	(525,070)
Total Debt Service	(956,495)	(2,023,164)	(2,024,289)	(2,024,433)	(2,023,146)	(2,025,721)
Net Cash Flow After Debt Service	\$ 861,894	\$ 218,726	\$ 390,728	\$ 534,324	\$ 567,954	\$ 662,312
Debt Coverage Ratio	1.90	1.11	1.19	1.26	1.28	1.33
Cumulative Net Cash Flow after Debt Service	\$ 861,894	\$ 1,080,620	\$ 1,471,347	\$ 2,005,672	\$ 2,573,625	\$ 3,235,937

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

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$7.5 million for design and renovation of the Energy Research Park Building One at the University of Houston.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$7.5 million for design and renovation of the Energy Research Park Building One at the University of Houston.

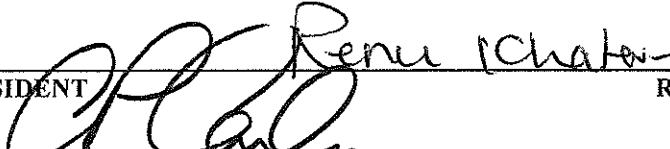

Energy Research Park Building One is the signature building at the Research Park. A three level office building, it will be renovated to bring the building up to code and to correct deficiencies in the building envelope. The building will house University Services, UH Advancement and university partner tenants. Renovations will also support the relocation of some Building Two tenants, creating necessary flex space to allow renovations of other buildings.

SUPPORTING DOCUMENTATION: Budget, Schedule, Site Plan

FISCAL NOTE: Supported by Tenant Rents, \$7.5 million total

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston

PRESIDENT	 Renu Khator	5/6/11 DATE
EXECUTIVE VICE CHANCELLOR	Carl Carlucci	5/2/2011 DATE
CHANCELLOR	 Renu Khator	5/6/11 DATE

University of Houston
 Energy Research Park
 Building #1 Design and Renovation Pro Forma

Pro Forma	UH Office RE					Total
	UH Advancement	Srvcs.	TransWestern	Third Floor	UH or Non-UH	
Revenue	\$ 523,815	\$ 99,503	\$ 49,381	\$ 118,213	\$ 476,973	\$ 1,267,886
Oper. Expense	140,321	26,655	12,499	29,922	120,729	330,126
NOI before DS	383,494	72,848	36,882	88,292	356,244	937,759
Debt Service	243,287	46,214	24,777	59,312	239,317	612,908
NOI after DS	\$ 140,206	\$ 26,633	\$ 12,105	\$ 28,979	\$ 116,927	\$ 324,851
Debt Coverage Ratio	1.6	1.6	1.5	1.5	1.5	1.5

ERP Building 1 Budget

Construction Cost	\$5,744,000
Professional Services Fees	\$660,000
Project Management/Administration	\$220,000
Furniture and Moveable Equipment/IT	\$145,000
Contingency	\$731,000
TOTAL PROJECT COST	\$7,500,000

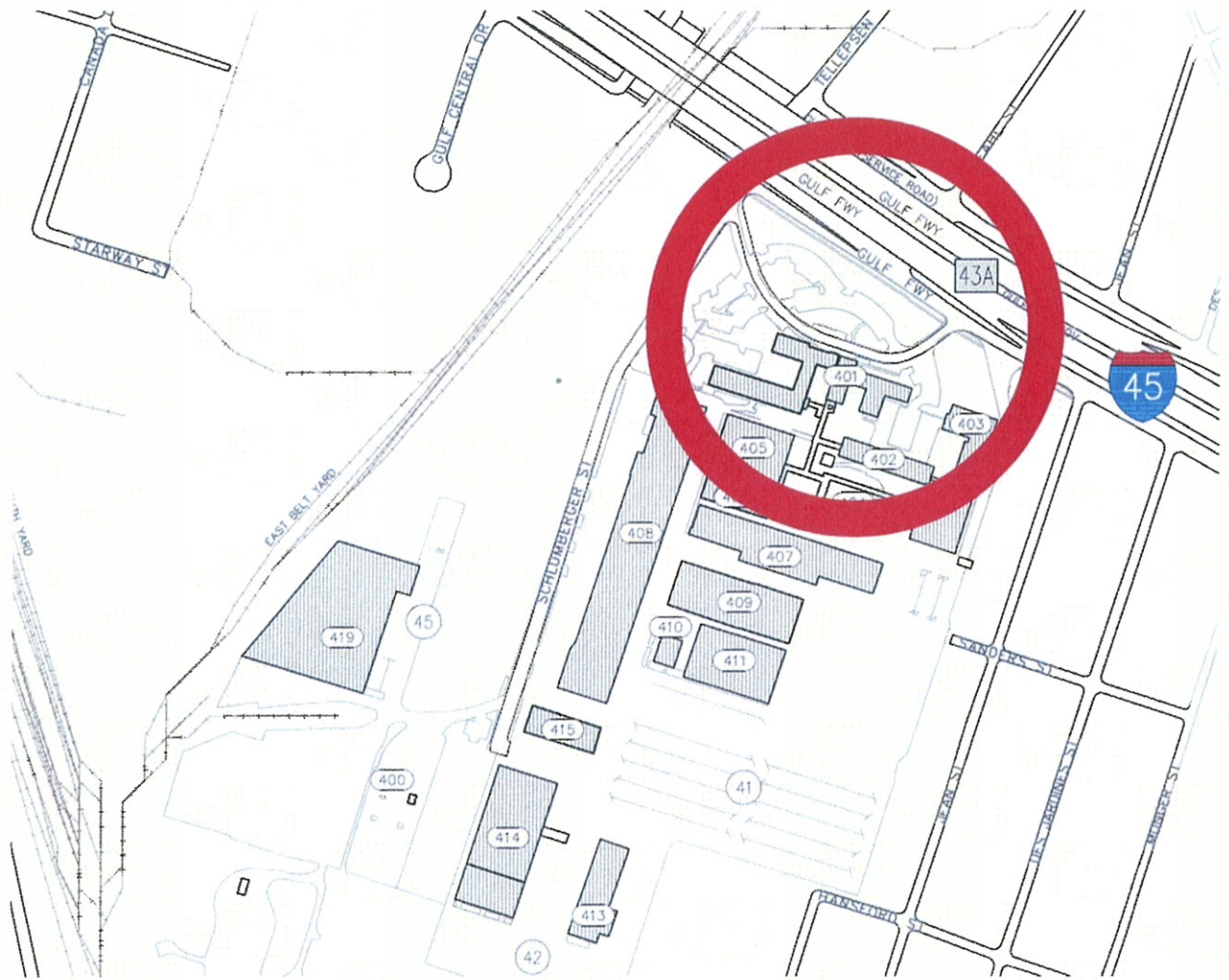
Proposed Project Schedule

Design Starts	April 2011
Construction Starts	Oct. 2011
Substantial Completion	May 2012
Occupancy	June 2012

Funding Sources

Commercial Paper converted to Bond Issue To Be Paid Back Thru Rent	\$7,500,000
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SITE MAP



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

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract in excess of \$1 million with Today's Business Solutions for providing office supplies to the University of Houston.

**DATE PREVIOUSLY
SUBMITTED:**

SUMMARY:

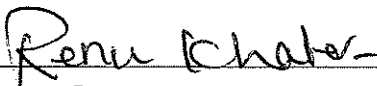

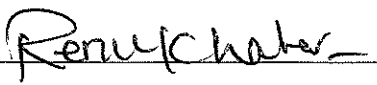
Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract (K-07-00160) in excess of \$1 million with Today's Business Solutions for providing office supplies to the University of Houston campus. The contract is also available to the UH System. Following a competitive process, Today's was awarded a multi-year contract beginning with FY2007. The original contract period was September 1, 2006 through August 31, 2010 with three one-year renewal options. We are requesting to exercise the second one-year renewal option by extending the contract to August 31, 2012.

SUPPORTING DOCUMENTATION: Reasons to Extend Today's Business Solutions Contract

FISCAL NOTE: UH is expected to realize at least \$100,000 in product savings and contract rebates if the contract is extended to August 31, 2012.

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item.

COMPONENT: University of Houston

PRESIDENT	 Renu Khator	<u>5/6/11</u> DATE
EXECUTIVE VICE CHANCELLOR	 Carl Carlucci	<u>5/2/2011</u> DATE
CHANCELLOR	 Renu Khator	<u>5/6/11</u> DATE

Reasons to Extend Today's Business Solutions

Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract (K-07-00160) with Today's Business Solutions, a state certified HUB, for providing office supplies to the University of Houston. Following a competitive process, Today's was awarded a multi-year contract beginning with FY2007. The original contract period was September 1, 2006 through August 31, 2010 with three one-year renewal options. We are requesting to exercise the second one-year renewal option by extending the contract to August 31, 2012.

In April 2010, UH departments were asked to use Today's exclusively for office supplies, so that the university would receive maximum savings and rebates from the Today's contract. As a result, purchases from Today's increased from \$1.3 million in calendar year 2009 to \$1.8 million in calendar year 2010.

The University of Houston has received the following benefits from its partnership with Today's:

- Standard discount of 18% to 48% off list price on over 11,000 items

- Deeper discounts of 40% to 80% off list price on up to 600 items frequently purchased by UH called "Coog's Top Picks"

- "HP Big Deal Discounts" of 39% to 55% off list price on 17 types of Hewlett Packard toner and ink frequently purchased by UH, which are only available through Today's
 - Purchase of HP products also generates "HP Points," which can be used to purchase more Hewlett Packard equipment and supplies

- \$123K in rebates for calendar year 2010, which will be used to offset budget reductions

- Recycled paper program
 - \$9.7K (5% of recycled paper purchases over the past year) issued to UH departments to encourage the purchase of recycled paper
 - Top four departments also received 20,000 HP Points each. Examples:
 - M.D. Anderson Library used their points to replace an old printer that is used by students in the library
 - Cullen College of Engineering used their points to purchase a printer for a computer lab where undergraduate and graduate students work on class projects
 - Closed-loop recycling program – paper recycled by UH is sent to a Boise paper mill to produce recycled paper, which is then purchased by UH from Today's
 - Result: UH departments more than doubled recycled paper purchases over the past year

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

COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for purchase of property adjacent to the University of Houston- Victoria campus, needed for future campus expansion.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for purchase of property adjacent to the University of Houston- Victoria campus, needed for future campus expansion.



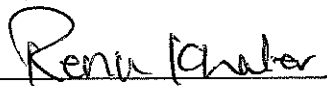
The property (labeled #2 on the map) is a 2.5 acre tract adjacent to and south of Jaguar Hall and the proposed Sophomore Hall residence halls. This property is vacant and will be utilized for the additional parking required by Sophomore Hall as well as to provide improved access to both residence halls.

**SUPPORTING
DOCUMENTATION:**

FISCAL NOTE: Local Funds to cover all costs.

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston Victoria

INTERIM PRESIDENT	Renu Khator -  Don Smith	DATE 5/9/11
EXECUTIVE VICE CHANCELLOR	 Carl Carlucci	DATE 5/2/2011
CHANCELLOR	 Renu Khator	DATE 5/6/11



UH VICTORIA PROPERTY ANALYSIS

12.15.10