

MINUTES
UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS
FINANCE AND ADMINISTRATION COMMITTEE

Thursday, May 19, 2016 – The members of the Finance and Administration Committee of the University of Houston System convened at 1:51 p.m. on Thursday, May 19, 2016 at the University of Houston-Victoria, University North, Multi-Purpose Room, 3007 N. Ben Wilson St., Victoria, Texas, with the following members participating:

ATTENDANCE –

Present

Spencer D. Armour, III, Chair
Welcome W. Wilson, Jr., Vice Chair
Gerald W. McElvy, Member
Peter K. Taaffe, Member
Tilman J. Fertitta, Ex Officio

Non-Members Present

Durga D. Agrawal, Regent
Beth Madison, Regent
Paula M. Mendoza, Regent
Roger F. Welder, Regent

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, Spencer D. Armour, III called the meeting to order.

AGENDA ITEMS

Action Items:

1. Approval of Minutes – Item B

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the members in attendance, the minutes from the following meeting listed below was approved:

- November 19, 2015, Finance and Administration Committee Meeting

Regent Armour stated the committee would be presented seven (7) action items for consideration and approval at the meeting. Regent Armour asked Mr. Jim McShan, Interim Vice Chancellor for Administration and Finance to present the first action item listed on the agenda.

2. Item C - Approval is requested for the University of Houston System FY2017 Financial Plan and Budget – University of Houston System, F&A-C.

Mr. McShan introduced this item requesting approval for the University of Houston System FY2017 Financial Plan and Budget. The FY2017 Financial Plan and Budget would become effective on September 1, 2016 pending final board approval. A powerpoint presentation was shown and below is a brief summary of Mr. McShan's remarks.

University of Houston System:

- The UH System had record enrollment of 70,024 students.
- There were record degrees awarded System-wide of 15,224, with 39% to minority students and 22% in STEM fields.
- There were record research expenditures of \$155 million; and the Endowment was the highest ever at \$794 million.
- The combined budget for the UH System campuses was an operating budget of \$1.6 billion, an increase of \$79 million compared to FY2016.
- Two-thirds of the total operating budget supports student access and success.
- Each UH System university had dedicated funds for faculty and staff retention – no across the board increases, but merit-based or equity adjustments.
- The UHS capital budget totaled \$247 million – an increase of \$58 million compared to FY2016.
- Legislative Funding: Instruction and operations formula from FY2008-FY2017 with the rate per weighted credit hour was discussed.
- Total FY2016 UH System Operating Budget - \$1,524.7 (\$ Millions)
- Total FY2016 UH System Capital Facilities Budget - \$188.5 (\$ Million)
- Total FY2016 UH System Budget - \$1,713.2 (\$ Millions)
- Current FY2016 UH System Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 42%
 - State Appropriations – 20%
 - Contracts and Grants – 17% (includes Federal Financial Aid)
 - HEAF/ National Research University Fund (NRUF) – 4%
 - Endowment/Gifts – 4%
 - Other Operating – 13%
- Current UH System Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 66%
 - Infrastructure and Administration – 18%
 - National Competitiveness – 13%
 - Community Advancement – 3%
- Proposed FY2017 UH System Operating Budget - \$1,603.6 (\$ Millions)
- Proposed FY2017 UH System Capital Facilities Budget - \$246.7 (\$ Millions)
- Proposed Total FY2017 UH System Budget - \$1,850.3 (\$ Millions)
- Proposed FY2017 UH System Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 42%
 - State Appropriations – 20%
 - Contracts and Grants – 16% (includes Federal Financial Aid)
 - HEAF/National Research University Fund (NRUF) – 5%
 - Endowment/Gifts – 4%
 - Other Operating – 13%
- Proposed FY2017 UH System Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 67%
 - Infrastructure and Administration – 18%

University of Houston System

University of Houston System (cont'd):

- National Competitiveness – 13%
- Community Advancement – 2%
- UH System Capital Construction Budget – FY2017 Project Expenditures by Campus was addressed. Below are the totals for each institution.
 - University of Houston – 12 projects - Total - \$145,247,595
 - UH-Clear Lake – 9 projects – Total - \$29,947,555
 - UH-Downtown – 4 projects – Total - \$6,042,000
 - UH-Victoria – 10 projects – Total - \$65,485,000
 - Total UH System Capital Construction Budget - \$246,722,150
 - System Capital Projects Allocation – 100% of Total by Campus.
 - University of Houston – 58.9%
 - UH-Clear Lake – 12.1%
 - UH-Downtown – 2.4%
 - UH-Victoria – 26.5%
- UH System Operating Budget Revenues FY2013 – FY2017 (\$ Millions) was presented. Below is the summary for the Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	FY2016 Budgeted	FY2017 Proposed
1. State Appropriations	\$ 301.0	\$ 313.0
2. HEAF/Nat'l Research University Fund (NRUF)	60.2	86.2
3. Tuition & Fees	645.8	679.7
4. Other Operating	} Restricted 200.8	205.7
5. Contracts & Grants*	} Restricted 253.4	255.3
6. Endowment/Gifts	} Restricted <u>63.5</u>	<u>63.7</u>
 TOTAL	 <u>\$ 1,524.7</u>	 <u>\$ 1,603.6</u>

*Includes Federal Financial Aid

- UH System Operating Budget Expenditures FY 2013– FY2017 (\$ Millions) was addressed. Below is the summary for Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	FY2016 Budgeted	FY2017 Proposed
1. Student Access and Success	\$ 1,016.0	\$ 1,071.7
2. National Competitiveness	196.6	206.0
3. Infrastructure and Administration	269.3	283.6
4. Community Advancement	<u>42.8</u>	<u>42.3</u>
TOTAL	<u>\$ 1,524.7</u>	<u>\$ 1,603.6</u>

University of Houston (UH):

- The University of Houston had record enrollment of 42,704 students.
- The record six-year graduation rate for UH was at 51%.
- There were record research expenditures of \$151 million.

University of Houston System

University of Houston (UH) (cont'd):

- A \$123 million annualized giving which was on pace with FY2015.
- There was a 29% increase in graduate programs in Top 50.
- 62% of freshmen students were participating in UHin4 program.
- A record freshmen median SAT score was 1150.
- Total FY2016 UH Operating Budget - \$1,123.9 (\$ Millions)
- Total FY2016 UH Capital Facilities Budget - \$128.6 (\$ Million)
- Total FY2016 UH Budget - \$1,252.5 (\$ Millions)
- Current FY2016 UH Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 41%
 - State Appropriations – 17%
 - Contracts and Grants – 17% (includes Federal Financial Aid)
 - HEAF/ Nat'l Research University Fund (NRUF) – 4%
 - Endowment/Gifts – 5%
 - Other Operating – 16%
- Current UH Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 65%
 - Infrastructure and Administration – 15%
 - National Competitiveness – 17%
 - Community Advancement – 3%
- Proposed FY2017 UH Operating Budget - \$1,174.1 (\$ Millions)
- Proposed FY2017 UH Capital Facilities Budget - \$145.2 (\$ Millions)
- Proposed Total FY2017 UH Budget - \$1,319.2 (\$ Millions)
- Proposed FY2017 UH Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 41%
 - State Appropriations – 16%
 - Contracts and Grants – 17% (includes Federal Financial Aid)
 - HEAF/National Research University Fund (NRUF) – 5%
 - Endowment/Gifts – 5%
 - Other Operating – 16%
- Proposed FY2017 UH Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 65%
 - Infrastructure and Administration – 15%
 - National Competitiveness – 17%
 - Community Advancement – 3%
- UH Operating Budget Revenues FY2013 – FY2017 (\$ Millions) was presented. Below is the summary for the Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. State Appropriations	\$ 189.3	\$ 191.0
2. HEAF/Nat'l Research University Fund (NRUF)	44.6	62.2
3. Tuition & Fees	463.1	485.9
4. Other Operating	} Restricted 176.6	184.3
5. Contracts & Grants (includes Fed. Fin Aid)	} Restricted 193.5	193.3
6. Endowment/Gifts	} Restricted 56.8	57.4
TOTAL	\$ 1,123.9	\$ 1,174.1

University of Houston System

University of Houston (UH) (cont'd):

- UH Operating Budget Expenditures FY 2013– FY2017 (\$ Millions) was addressed.
Below is the summary for Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. Student Access and Success	\$ 726.8	\$ 762.9
2. National Competitiveness	188.5	197.7
3. Infrastructure and Administration	170.8	175.7
4. Community Advancement	37.8	37.8
TOTAL	\$ 1,123.9	\$ 1,174.1

- The use of new operating resources total \$30.6 million.

University of Houston-Clear Lake (UHCL):

- The University of Houston-Clear Lake (UHCL) was named one of the best regional universities in the west by U.S. News and World Report.
- UHCL had the highest enrollment in their history (Fall 2015).
- This was the second successful year of transition to a four-year university.
- UHCL secured approval for their third Doctoral Program to start in Fall 2016.
- UHCL graduated their first four (4) students from RN to BSN Program at UHCL Pearland Campus.
- Total FY2016 UHCL Operating Budget - \$131.5 (\$ Millions)
- Total FY2016 UHCL Capital Facilities Budget - \$23.1 (\$ Million)
- Total FY2016 UHCL Budget - \$154.6 (\$ Millions)
- Current FY2016 UHCL Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 54%
 - State Appropriations – 28%
 - Contracts and Grants – 11% (includes Federal Financial Aid)
 - HEAF – 4%
 - Endowment/Gifts – 1%
 - Other Operating – 2%
- Current UHCL Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 74%
 - Infrastructure and Administration – 23%
 - National Competitiveness – 3%
 - Community Advancement – 0%
- Proposed FY2017 UHCL Operating Budget - \$140.1 (\$ Millions)
- Proposed FY2017 UHCL Capital Facilities Budget - \$30.0 (\$ Millions)
- Proposed Total FY2017 UHCL Budget - \$170.1 (\$ Millions)
- Proposed FY2017 UHCL Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 55%
 - State Appropriations – 26%
 - Contracts and Grants – 11% (includes Federal Financial Aid)

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

- HEAF – 6%
- Endowment/Gifts – 1%
- Other Operating – 1%
- Proposed FY2017 UHCL Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success –78%
 - Infrastructure and Administration – 19%
 - National Competitiveness – 3%
 - Community Advancement – 0%
- UHCL Operating Budget Revenues FY2013 – FY2017 (\$ Millions) was presented. Below is the summary for the Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. State Appropriations	\$ 36.8	\$ 37.0
2. HEAF	5.3	8.0
3. Tuition & Fees	71.1	76.8
4. Other Operating	} Restricted 2.0	1.8
5. Contracts & Grants*	} Restricted 15.0	15.2
6. Endowment/Gifts	} Restricted 1.3	1.3
TOTAL	\$ 131.5	\$ 140.1

*Includes Federal Financial Aid

- UHCL Operating Budget Expenditures FY 2013– FY2017 (\$ Millions) was addressed. Below is the summary for Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. Student Access and Success	\$ 97.2	\$ 109.0
2. National Competitiveness	4.6	4.7
3. Infrastructure and Administration	29.6	26.3
4. Community Advancement	0.1	0.1
TOTAL	\$ 131.5	\$ 140.1

- The use of new operating resources total \$9 million.

University of Houston-Downtown (UHD):

- The University of Houston-Downtown completed construction on the Girard Street Building/Welcome Center/Parking Garage.
- UHD introduced two (2) new academic programs in Fall 2015.
- UHD doubled enrollment in the MBA and Graduate Certificate programs.
- SACSCOC’s onsite visit was a success.
- Total FY2016 UHD Operating Budget - \$173.1 (\$ Millions)
- Total FY2016 UHD Capital Facilities Budget - \$17.7 (\$ Million)
- Total FY2016 UHD Budget - \$190.8 (\$ Millions)
- Current FY2016 UHD Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 50%
 - State Appropriations – 17%

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University of Houston-Downtown (UHD) (cont'd):

- Contracts and Grants – 22% (includes Federal Financial Aid)
- HEAF – 4%
- Endowment/Gifts – 2%
- Other Operating – 5%
- Current UHD Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 80%
 - Infrastructure and Administration – 17%
 - National Competitiveness – 1%
 - Community Advancement – 2%
- Proposed FY2017 UHD Operating Budget - \$179.1 (\$ Millions)
- Proposed FY2017 UHD Capital Facilities Budget - \$6.0 (\$ Millions)
- Proposed Total FY2017 UHD Budget - \$185.1 (\$ Millions)
- Proposed FY2017 UHD Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 50%
 - State Appropriations – 17%
 - Contracts and Grants – 22% (includes Federal Financial Aid)
 - HEAF – 6%
 - Endowment/Gifts – 2%
 - Other Operating – 3%
- Proposed FY2017 UHD Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 80%
 - Infrastructure and Administration – 17%
 - National Competitiveness – 1%
 - Community Advancement – 2%
- UHD Operating Budget Revenues FY2013 – FY2017 (\$ Millions) was presented. Below is the summary for the Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. State Appropriations	\$ 30.1	\$ 30.7
2. HEAF	7.8	11.7
3. Tuition & Fees	86.1	90.3
4. Other Operating	} Restricted 8.4	4.8
5. Contracts & Grants*	} Restricted 37.4	38.7
6. Endowment/Gifts	} Restricted 3.3	2.9
TOTAL	\$ 173.1	\$ 179.1

*Includes Federal Financial Aid

- UHD Operating Budget Expenditures FY 2013– FY2017 (\$ Millions) was addressed. Below is the summary for Current FY2016 Budgeted vs. Proposed FY2017 Budget.

University of Houston-Downtown (UHD) cont'd:

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. Student Access and Success	\$ 138.0	\$ 143.9
2. National Competitiveness	2.2	2.3
3. Infrastructure and Administration	28.7	29.3
4. Community Advancement	<u>4.2</u>	<u>3.6</u>
TOTAL	<u>\$ 173.1</u>	<u>\$ 179.1</u>

- The use of new operating resources total \$7.8 million.

University of Houston-Victoria (UHV):

- The University of Houston-Victoria (UHV) has received approval and implemented a new RN to BSN degree to be offered in Victoria beginning Fall 2016.
- They established a UHV Downtown Arts Center and Bookstore, expanded Art degrees to include Art Minor and a translation concentration in MFA.
- UHV was successful transition from UH Sugar Land, UHS Cinco Ranch and HCC-Katy to a leased facility in Katy by August 2016.
- The Board approved a campus expansion in Victoria to include new sophomore student housing, new Student Center and Learning Commons, completion of shelled space in North building, purchase of land from Victoria College for STEM, and STEM building.
- UHV continues to focus on efforts of becoming a self-sustaining destination university in Victoria.
- Total FY2016 UHV Operating Budget - \$61.4 (\$ Millions)
- Total FY2016 UHV Capital Facilities Budget - \$19.0 (\$ Million)
- Total FY2016 UHV Budget - \$80.4 (\$ Millions)
- Current FY2016 UHV Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 41%
 - State Appropriations – 31%
 - Contracts and Grants – 13% (includes Federal Financial Aid)
 - HEAF – 4%
 - Endowment/Gifts – 1%
 - Other Operating – 10%
- Current UHV Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 85%
 - Infrastructure and Administration – 14%
 - National Competitiveness – 0%
 - Community Advancement – 1%
- Proposed FY2017 UHV Operating Budget - \$65.8 (\$ Millions)
- Proposed FY2017 UHV Capital Facilities Budget - \$65.5 (\$ Millions)
- Proposed Total FY2017 UHV Budget - \$131.3 (\$ Millions)
- Proposed FY2017 UHV Operating Budget Source of Funds was addressed and is outlined below.
 - Tuition and Fees – 41%
 - State Appropriations – 30%
 - Contracts and Grants – 12% (includes Federal Financial Aid)
 - HEAF – 6%

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University of Houston-Victoria (UHV) cont'd):

- Endowment/Gifts – 1%
- Other Operating – 10%
- Proposed FY2017 UHV System Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success – 82%
 - Infrastructure and Administration – 16%
 - National Competitiveness – 1%
 - Community Advancement – 1%
- UHV Operating Budget Revenues FY2013 – FY2017 (\$ Millions) was presented. Below is the summary for the Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. State Appropriations	\$ 19.3	\$ 19.7
2. HEAF	2.4	4.3
3. Tuition & Fees	25.5	26.7
4. Other Operating	} Restricted 5.9	6.8
5. Contracts & Grants*	} Restricted 7.9	7.9
6. Endowment/Gifts	} Restricted 0.4	0.4
TOTAL	\$ 61.4	\$ 65.8

*Includes Federal Financial Aid

- UHV Operating Budget Expenditures FY 2013– FY2017 (\$ Millions) was addressed. Below is the summary for Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. Student Access and Success	\$ 52.3	\$ 54.1
2. National Competitiveness	0.2	0.2
3. Infrastructure and Administration	8.2	10.7
4. Community Advancement	0.7	0.8
TOTAL	\$ 61.4	\$ 65.8

- The use of new operating resources total \$3.8 million.

University of Houston System Administration:

- Total FY2016 UHS Administration Operating Budget - \$34.9 (\$ Millions)
- Total FY2016 UHS Administration Capital Facilities Budget - \$-0- (\$ Million)
- Total FY2016 UHS Administration Budget - \$34.9 (\$ Millions)
- Current FY2016 UHS Administration Operating Budget Source of Funds was addressed and is outlined below.
 - State Appropriations – 73% (includes TRB debt service)
 - Endowment/Gifts – 5%
 - Other Operating – 22%
- Current UHS Administration Operating Budget Use of Funds was addressed and is outlined below.
 - Infrastructure and Administration – 92%

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University of Houston System Administration (cont'd)

- National Competitiveness – 3%
- Student Access and Success – 5%
- Proposed FY2017 UHS Administration Operating Budget - \$44.5 (\$ Millions)
- Proposed FY2017 UHS Administration Capital Facilities Budget - \$-0- (\$ Millions)
- Proposed Total FY2017 UHS Administration Budget - \$44.5 (\$ Millions)
- Proposed FY2017 UHS Administration Operating Budget Source of Funds was addressed and is outlined below.
 - State Appropriations – 78% (includes TRB debt service)
 - Endowment/Gifts – 4%
 - Other Operating – 18%
- Proposed FY2017 UHS Administration System Operating Budget Use of Funds was addressed and is outlined below.
 - Student Access and Success –4%
 - Infrastructure and Administration – 94%
 - National Competitiveness – 2%
- UHS Administration Operating Budget Revenues FY2013 – FY2017 (\$ Millions) was presented. Below is the summary for the Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. State Appropriations*	\$ 25.6	\$ 34.7
2. Other Operating	} Restricted 7.6	8.1
3. Contracts & Grants	} Restricted 0.0	0.0
4. Endowment/Gifts	} Restricted 1.7	1.7
TOTAL	\$ 34.9	\$ 44.5

*Includes TRB debt service

- UHS Administration Operating Budget Expenditures FY 2013– FY2017 (\$ Millions) was addressed. Below is the summary for Current FY2016 Budgeted vs. Proposed FY2017 Budget.

	<u>FY2016 Budgeted</u>	<u>FY2017 Proposed</u>
1. Student Access and Success	\$ 1.8	\$ 1.8
2. National Competitiveness	1.1	1.1
3. Infrastructure and Administration*	32.0	41.6
4. Community Advancement	0.0	0.0
TOTAL	\$ 34.9	\$ 44.5

*Includes TRB debt service

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the committee members in attendance, the request for the University of Houston System FY2017 Financial Plan and Budget – UH System was approved.

Regent Armour stated that the next four (4) action items would be presented together and once all four (4) were discussed Regent Armour would call for the vote. The next four (4) action items addressed by Mr. McShan were as follows:

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1. Item D – 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, F&A-D;
2. Item E - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of the Quadrangle Replacement Housing Project at the University of Houston – University of Houston, F&A-E;
3. Item F - 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-F; and
4. Item G - 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, F&A-G.

Mr. McShan stated the first item, Item D, was a request to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of a new Science, Technology, Engineering and Mathematics (STEM) Building at UH-Victoria. The scope of this project includes a three-story, 63,000 GSF building on land purchased from the Victoria College. This facility would include laboratory space for biology, physics, chemistry, organic chemistry, computer science, microbiology, computer engineering and mathematics, classrooms, faculty and staff offices, immersive 180-degree screen lab, seminar room, and gathering spaces. The total cost of this project will be approximately \$28.0 million. Construction would begin in May 2017 with completion in July 2019. This project will be funded from Capital Construction Bonds approved in the last legislative session.

The second item addressed by Mr. McShan, Item E, was a request to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of the Quadrangle Replacement Housing Project at the University of Houston. This project would include the phased demolition of the existing Quadrangle Residence Hall Buildings with replacement housing complex. This new housing complex would comprise approximately 1,000 beds with an alternate of approximately 200 additional beds and will be designed for upperclassmen. The majority of the units will be four private bedrooms within suites which also include a compartmentalized bathroom and a small common living area. Key to the project's success would be academic and student space in order to support student development. Space would include instructional space and student service space which will enhance student life and student success. The total cost of this project will be approximately \$80.0 million. Construction would begin in December 2017 with completion in July 2019.

Mr. McShan moved to Item F on the agenda, 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 contract addressed in this item was to contract with a firm to try and receive 179D Tax Credits. Several years ago, the government had passed rules regarding energy efficient,

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economically friendly buildings for tax credits. Ms. Dona Cornell, Vice Chancellor for Legal Affairs and General Counsel gave a brief explanation of this process. This was a revenue contract; and net proceeds to UH were estimated to be approximately \$10.0 million over a 5-year contract.

The next item was for extending the option on the University's facility supplies contract. Facilities supplies are purchased through P.D. Morrison Enterprise (PDME – a HUB vendor) and its partner Fastenal at an average 32% discount off retail prices. The estimated spend over the 5-year contract is in the amount of approximately \$22.0 million.

The next item addressed was for an office supplies contract. This is to exercise the contract option to extend a contract to purchase office supplies for the UH campus to August 31, 2018 (5-years total). Tejas Office Products, a HUB vendor, provides next day delivery and an average 40% discount off retail prices for office supplies. The estimated spend over the 5-year contract is in the amount of approximately \$11.0 million.

The next item presented was for copier contract(s). New copier contract(s) for UH for 3-years with an option to extend for two (2), one-year periods for 5-years total. The estimated spend over this 5-year period would be approximately \$7.5 million.

Mr. McShan addressed the next item which was for a custodial services contract. This contract is for custodial services to various buildings for the University of Houston campus. The estimated spend over 5-years would be approximately \$19.0 million.

The next contract addressed was for the wired/wireless LAN access infrastructure. This is to upgrade the wired/wireless LAN access infrastructure for UH for 3-years with an option to extend for two (2) one-year periods for a total of 5-years. The estimated spend over 5-years for this contract was approximately \$7.5 million.

The last contract addressed by Mr. McShan was for a natural gas contract to include UH, UH-Downtown and UH-Clear Lake. The university does go through the Texas General Land Office (GLO), who reviews the larger institutions in the state; and the GLO does have the best rate. This item was to exercise the contract option to extend the contract to purchase natural gas for UH and UH-Downtown campuses to December 31, 2018 (5-years total) and add UH-Clear Lake to the contract when their current contract expires in September 2016. The estimated spend over the 5-year contract is in the amount of approximately \$11.0 million.

Mr. McShan moved to Item G, 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.

The first two contracts were State Fire Marshall required projects: (1) to upgrade the fire sprinkler system in the E Cullen Building on the UH campus. The cost for this contract will be approximately \$2.0 million and funding will be from HEAF funds; and (2) to upgrade the fire sprinkler system in the Cullen Performance Hall Building on the UH campus. The cost for this contract was estimated to be \$2.5 million. UH selected a vendor through the Request for Proposal (RFP) process but the

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vendor could obtain a performance bond; therefore, UH will use a state-contracted vendor to perform the work for this time-sensitive project.

The next project listed was for upgrades to the Cougar Substation electrical service. This contract was initially approved by the Board at the August 20, 2015 meeting in the amount of \$18.5 million, but the bid we received was higher at \$21.0 million. UH is currently reviewing the bids to determine whether to re-bid the contract.

The next two (2) items addressed were for on-call electrical repair services and on-call roof repair services, both on the UH campus. If the university should have either an electrical problem and/or roof problem it would be beneficial for the university to be able to go directly to either vendor (Jonmar Electric, Inc. for electrical and the roof vendor as yet TBD – this will go out to bid). The first contract was to exercise contract option to provide on-call electrical repair services to October 31, 2018, for a total of 5-years. The estimated spend over this 5-year contract would be \$1.5 million. To provide the on-call roof repairs services, as needed, would be for a 5-year contract, including extensions, in the amount of \$1.0 million.

The next project addressed by Mr. McShan was the conversion/update of five (5) existing gravel parking lots to asphalt parking lots on the UH campus which would include lighting, landscaping and security to meet campus standards. The estimated cost of this project would be \$2.5 million.

The next several projects presented are outlined below. Mr. McShan stated that they have reviewed their new contracting rules and wanted to bring back these projects to the Board for their approval.

1. Multi-Disciplinary Research & Engineering Fourth Floor Lab Build-Out (UH campus)
 - (a) Construction Contract: Project budget approved by the Board on 11/19/15. Additional construction contract amount for lab build-out is \$6,650,000. Total amount is \$49,446,463; and the vendor is Tellepsen Builders LP.
 - (b) Architecture/Engineering Services Contract (A/E): Project budget approved by the Board on 11/19/15. Additional A/E services contract amount for lab build-out is \$196,500. Total amount is \$4,063,520; and the vendor is Stantec Inc.
2. UH Sugar Land Academic Classroom Building (UH)
 - (a) Construction Contract: Project budget approved by the Board on 2/18/16 - \$43,000,000.
 - (b) Architecture/Engineering Services Contract (A/E): Project budget approved by Board on 2/18/16 - \$3,456,000.
 - (c) Furnishings Contract: Project budget approved by the Board on 2/18/16 - \$2,160,000.
3. Pearland Health Sciences and Classroom Building (UH-Clear Lake)
 - (a) Construction Contract: Project budget approved by the Board on 11/19/15 - \$20,055,500.
 - (b) Architecture/Engineering Services Contract (A/E): Project budget approved by the Board on 11/19/15 - \$1,652,250.
 - (c) Furnishings Contract: Project budget approved by the Board on 11/19/15 - \$1,002,775.
4. Recreation and Wellness Center (UH-Clear Lake)
 - (a) Construction Contract: Project budget approved by the Board on 11/19/15 - \$31,140,000. The vendor will be Tellepsen Builders LP.
 - (b) Architecture/Engineering Services Contract (A/E): Project budget approved by the Board on 11/19/15 - \$2,282,000; and the vendor will be SmithGroup JJR Inc.

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- (c) Furnishings Contract: Project budget approved by the Board on 11/19/15 - \$1,557,000.
- 5. Student Center and Learning Commons (UH-Victoria)
 - (a) Construction Contract: Project budget approved by the Board on 11/19/15 - \$26,300,000.
 - (b) Architecture/Engineering Services Contract (A/E): Project budget approved by the Board on 11/19/15 - \$1,906,750; and the vendor will be M Arthur Gensler Jr. and Associates Inc.
 - (c) Furnishings Contract: Project budget was approved by the Board on 11/19/15 - \$1,300,000.

Following the presentation of all four (4) action items (Items D, E, F and G) above, Regent Armour called for a motion to approve these four (4) action items as presented.

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the regents in attendance, the following four (4) action items were unanimously approved by the committee members in attendance as follows:

1. 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, F&A-D;
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of the Quadrangle Replacement Housing Project at the University of Houston – University of Houston, F&A-E;
3. 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-F; and
4. 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, F&A-G.

Mr. McShan presented the next action item on the agenda, Item H, Approval is requested for the Resolution for defeasance and redemption of certain Board of Regents of the University of Houston System Consolidated Revenue and Refunding Bonds – University of Houston System, F&A-H.

Mr. McShan stated that when the university purchased KUHA, the Classical Station several years ago, bonds were issued for this purchase. The university is currently in the process of completing the sale of the station and the university still has a little less than \$9 million in outstanding bonds. These bonds are not callable bonds; therefore, we are required to place approximately \$9 million into escrow in order to pay these bonds as they come due.

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On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the committee members in attendance, the request of the Resolution for defeasance and redemption of certain Board of Regents of the University of Houston System Consolidated Revenue and Refunding Bonds – UH System was approved.

The final action item listed on the agenda was Item I, the Approval is requested to modify all banking and investment resolutions, certificates and agreement for the University of Houston System, and establish a new bank account for the University of Houston – University of Houston System, F&A-I.

Mr. McShan presented this item and requested that Daniel Corcoran, Assistant Treasurer, be added to the list of authorized persons who may process banking and investment transactions for the UH System. These changes are a result of a personnel change. Additionally, it was requested that a new bank account be established as a requirement of a contract to be entered into between the University of Houston and Northern Trust. Northern Trust is the new service provider who will assist in collecting royalty income from our mineral interests.

On motion of Regent Taaffe, seconded by Regent McElvy, and by a unanimous vote of the committee members in attendance, the request to modify all banking and investment resolutions, certificates and agreement for the University of Houston System, and establish a new bank account for the University of Houston – UH System was approved.

At the conclusion of the approval of the last action items, Regent Armour called for a motion to place all action items presented to the committee on the Board of Regents' Consent Docket Agenda for final Board approval.

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the committee members present, the following seven (7) action items were placed on the Board of Regents' Consent Docket Agenda for final approval at the May 19, 2016, Board of Regents meeting held later that in the day as follows:

1. Approval is requested for the University of Houston System FY2017 Financial Plan and Budget – UH System;
2. 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;
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of the Quadrangle Replacement Housing Project at the University of Houston – UH;
4. 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;

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5. 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;
6. Approval is requested of the Resolution for defeasance and redemption of certain Board of Regents of the University of Houston System Consolidated Revenue and Refunding Bonds – UH System; and
7. Approval is requested to modify all banking and investment resolutions, certificates and agreement for the University of Houston System, and establish a new bank account for the University of Houston – UH System.

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 2:59 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	Mark Clarke
Paula Myrick Short	David Ellis	David Bradley
Dona Cornell	Dan Maxwell	Sabrina Hassumani
Eloise Dunn Stuhr	Ed Hugetz	Abner Fletcher
Lisa Holdeman	Lisa Shumate	Brett Collier
Jason Smith	Wayne Beran	Phil Booth
Don Guyton	Chris Stanich	Jonathan Snow
Richard Walker	Shannon Harrison	Jesse Pisors
Michael Olivas	Dick Phillips	Caesar Moore
Raymond “Vic” Morgan	Hunter Yurachek	Ashlee Ross
William Staples	Don Price	Jon Aldrich
Mike Johnson	Mike Emery	Katie Brown
Brian Thomas	Iggy Harrison	Mark Yzaguirre
Don Smith	Deidra Garcia	Don Yackley
Mike Glisson	Nancy Graham	Kathy Walton
Faye Landry	Brenda Robles	Gerry Mathisen