

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

Thursday, August 20, 2015 – The members of the Finance and Administration Committee of the University of Houston System convened at 1:51 p.m. on Thursday, August 20, 2015 at the Hilton University of Houston, Conrad Hilton Ballroom, Second Floor, 4450 University Drive, Houston, Texas, with the following members participating:

ATTENDANCE –

Present

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

Non-Member(s) Present

Durga D. Agrawal, Regent
Beth Madison, Regent
Paula M. Mendoza, Regent
Roger F. Welder, Regent
Garrett H. Hughey, Student 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:

Regent Armour stated the committee would be presented nine (9) action items for consideration and approval at the meeting. The first action item listed on the agenda was Item B; and Regent Armour requested Mr. Jim McShan, Interim Vice Chancellor for Administration and Finance present this item.

1. Approval is requested for the University of Houston System FY2016 Financial Plan and Budget – University of Houston System, Item B – F&A-B.

Mr. McShan stated the first action item was requesting the approval for the University of Houston System FY2016 Financial Plan and Budget. The university was waiting on the Legislative Session results in order to be able to move forward and complete the budget. There were outstanding Legislative results said Mr. McShan.

- The UH System-wide General Revenue Appropriations increased by \$19.4 million in FY2016 compared to FY2015;
- \$362.5 million of Tuition Revenue Bond (TRB) Authority or Capital Construction Bonds;
- HEAF will increase state-wide by 50% starting in FY2017 which is very significant in that everyone will address their deferred maintenance issues;
- Faculty and staff salary increases at all UH System campuses; and

University of Houston System

- FY2016 is the second of a two-year tuition and fees plan that was approved by the UH System for this FY2015 and this fiscal year.

FY2016 Total Budget is \$1,712.1 versus Total Budget of \$1,562.7 for FY2015.

University of Houston System Budget
FY2016 (Millions)

Operating Budget Source of Funds		Operating Budget Use of Funds	
- Tuition & Fees – 42%	\$ 645.8M	- Student Access & Success – 66%	\$1,013.9M
- Contracts & Grants* – 17%	253.8M	- Nat'l Competitiveness – 13%	196.6M
- State Appropriations – 20%	301.0M	- Infrastructure & Admin. – 18%	270.4M
- Endow Income/Gifts – 4%	63.0M	- Community Advancement – 3%	42.8M
- Other Operating – 13%	200.3M		
- HEAF/Nat'l RUF – 4%	<u>59.8M</u>		
TOTAL	\$1,523.7M	TOTAL	<u>\$1,523.7M</u>
Capital Facilities Budget -	<u>\$ 188.4M</u>		
Total UHS FY2016 Budget	<u>\$1,712.1M</u>		

The FY2016 UH System Capital Construction Budget was addressed and below is the breakdown of the FY2016 project expenditures by campus.

University of Houston Capital Projects – FY2016

12 Projects for a total of \$128,576,885

UH-Clear Lake Capital Projects – FY2016

11 Projects for a total of \$23,120,216

UH-Downtown Capital Projects – FY2016

10 Projects for a total of \$17,748,500

UH-Victoria Capital Projects – FY2016

8 Projects for a total of \$19,000,000

Total Project Expenditures for the University of Houston System was **\$188,445,601.**

Mr. McShan presented a brief comparison of the UH System FY2015 Operating Budget Revenues versus the proposed UH System FY2016 Operating Budget Revenues as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- State Appropriations (includes state per student formula funding)	\$ 277.3	\$ 301.0
- HEAF/National Research University Fund (NRUF)	60.0	59.8
- Tuition and Fees	588.5	645.8
- Other Operating (Restricted)	167.6	200.3
- Contracts and Grants, includes Federal financial aid (Restricted)	235.9	253.8
- Endowment Income / Gifts (Restricted)	<u>58.7</u>	<u>63.0</u>
TOTAL	\$ 1,388.0	\$ 1,523.7

University of Houston System

Mr. McShan presented a brief comparison of the UH System FY2015 Operating Budget Expenditures versus the proposed UH System FY2016 Proposed Operating Budget Expenditures as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- Student Access and Success (increased by \$83 million)	\$ 939.8	\$ 1,013.9
- National Competitiveness (approximate increase of \$40 million)	158.8	196.6
- Infrastructure & Administration (approximate increase of \$28 million)	248.5	270.4
- Community Advancement (approximate increase of \$2 million)	<u>40.9</u>	<u>42.8</u>
TOTAL	\$ 1,388.0	\$ 1,523.7

Mr. McShan presented brief remarks regarding the recent accomplishments for each UH System campus, budget priorities and actual budgets addressed as follows.

University of Houston – Recent Accomplishments

- Record student enrollment of 40,914
- Record six-year graduation rate of 51% (projected)
- Record research expenditures of \$141 million
- Record annual giving of \$127 million
- Opening of TDECU Stadium
- Groundbreaking of Health & Biomedical Sciences Building 2
- Record construction projects funded by the Legislature (Health, Sugar Land, Katy)

University of Houston FY2016 Budget Priorities

- \$16.8 million for student success, including undergraduate financial aid, graduate tuition fellowships, and academic excellence initiatives.
- \$20.8 million for national competitiveness, including new faculty positions, merit-based salary increases for faculty, and research support.
- \$8.7 million for infrastructure and administration, including merit-based salary increases for staff, marketing and fundraising activities, and other administrative support initiatives.

University of Houston Budget FY2016 (\$ in Millions)

Operating Budget Source of Funds		Operating Budget Use of Funds	
- Tuition and Fees – 41%	\$ 463.1M	- Student Access & Success – 65%	\$ 726.1M
- Contracts & Grants* – 17%	193.5M	- Nat'l Competitiveness – 17%	188.5M
- State Appropriations – 17%	189.3M	- Infrastructure & Admin. – 15%	170.8M
- Endow Income/Gifts – 5%	56.8M	- Community Advancement – 3%	37.8M
- Other Operating – 16%	176.3M		
- HEAF/NRUF – 4%	<u>44.2M</u>		
TOTAL	\$1,123.2M	TOTAL	<u>\$1,123.2M</u>
Capital Facilities Budget -	<u>\$ 128.6M</u>		
Total UH FY2016 Budget	<u>\$1,251.8M</u>		

University of Houston System

UH's FY2015 Operating Budget Revenues versus the proposed UH FY2016 Operating Budget Revenues as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- State Appropriations	\$ 175.5	\$ 189.3
- HEAF/National Research University Fund (NRUF)	44.9	44.2
- Tuition and Fees	425.1	463.1
- Other Operating	143.4	176.3
- Contracts and Grants, includes Federal financial aid	176.8	193.5
- Endowment Income / Gifts	<u>51.2</u>	<u>56.8</u>
TOTAL	\$ 1,016.9	\$ 1,123.2

Mr. McShan presented a brief comparison of the UH FY2015 Operating Budget Expenditures versus the proposed UH FY2016 Proposed Operating Budget Expenditures as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- Student Access and Success	\$ 673.0	\$ 726.1
- National Competitiveness	148.5	188.5
- Infrastructure & Administration	158.5	170.8
- Community Advancement	<u>36.9</u>	<u>37.8</u>
TOTAL	\$ 1,016.9	\$ 1,123.2

UH-Clear Lake – Recent Accomplishments

- Highest enrollment in UHCL's history (Fall 2014)
- Transition to a Four-Year University
- Expansion of Programs at UHCL Pearland campus
- Start of Second Doctoral Program

UH-Clear Lake – FY2016 Goals

- Planning for STEM and Classroom Building at UHCL
- Planning for Health Sciences and Classroom Building at UHCL Pearland campus
- Successful Student Referendum and Planning for Recreation and Wellness Facility at UHCL
- Expansion of RN to BSN (Nursing) Program and secure approval for Third Doctoral degree

UH-Clear Lake Budget
FY2016 (\$ in Millions)

Operating Budget Source of Funds		Operating Budget Use of Funds	
- Tuition and Fees – 54%	\$ 71.1M	- Student Access & Success – 74%	\$ 97.2M
- Contracts & Grants* – 11%	15.0M	- Nat'l Competitiveness – 3%	4.6M
- State Appropriations – 28%	36.8M	- Infrastructure & Admin. – 23%	29.6M
- Endow Income/Gifts – 1%	0.8M	- Community Advancement – 0%	0.1M
- Other Operating – 16%	2.5M		
- HEAF – 4%	<u>5.3M</u>		
TOTAL	\$ 131.5M	TOTAL	<u>\$131.5M</u>

University of Houston System

UH-Clear Lake Budget for FY2016 (cont'd)

Capital Facilities Budget - \$ 23.1M
Total UHCL FY2016 Budget \$ 154.6M

UHCL's FY2015 Operating Budget Revenues versus the proposed UHCL FY2016 Operating Budget Revenues as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- State Appropriations	\$ 30.7	\$ 36.8
- HEAF	5.2	5.3
- Tuition and Fees	59.1	71.1
- Other Operating	4.0	2.5
- Contracts and Grants, includes Federal financial aid	14.4	15.0
- Endowment Income / Gifts	<u>1.2</u>	<u>0.8</u>
TOTAL	\$ 114.6	\$ 131.5

Mr. McShan presented a brief comparison of the UHCL's FY2015 Operating Budget Expenditures versus the proposed UHCL FY2016 Proposed Operating Budget Expenditures as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- Student Access and Success	\$ 85.9	\$ 97.2
- National Competitiveness	5.2	4.6
- Infrastructure & Administration	23.4	29.6
- Community Advancement	<u>0.1</u>	<u>0.1</u>
TOTAL	\$ 114.6	\$ 131.5

UH-Downtown – Recent Accomplishments

- Overall enrollment grew 5% to 14,438 (Fall 2014); Graduate enrollment grew 125% to 610 students
- TRB funding approved for Science and Technology Building
- Earned 2015 Community Engagement Classification by the Carnegie Foundation
- Awarded \$1 million from Houston Endowment toward the new Student Services Center
- MA in Non-Profit Management ranked 5th in the nation by Best Schools Org.

UH-Downtown – FY2016 Goals

- Student Success
 - o Increasing student retention and graduation rates
 - o Increasing financial aid and scholarships
 - o Hiring of additional advisors and tutors
 - o Redesigning Gateway Courses
 - o Expanding high impact experiences
- Planning for the Science and Technology Building
- Retaining faculty and staff – salary merit increases

University of Houston System

UH-Downtown Budget
FY2016 (\$ in Millions)

Operating Budget Source of Funds		Operating Budget Use of Funds	
- Tuition and Fees – 50%	\$ 86.1M	- Student Access & Success – 80%	\$ 136.7M
- Contracts & Grants* – 22%	37.4M	- Nat’l Competitiveness – 1%	2.2M
- State Appropriations – 17%	30.1M	- Infrastructure & Admin. – 17%	30.0M
- Endow Income/Gifts – 2%	3.3M	- Community Advancement – 2%	4.2M
- Other Operating – 5%	8.4M		
- HEAF – 4%	<u>7.8M</u>		
TOTAL	\$ 173.1M	TOTAL	\$173.1M
Capital Facilities Budget -			
	<u>\$ 17.7M</u>		
Total UHD FY2016 Budget			
	<u>\$ 190.8M</u>		

UHD’s FY2015 Operating Budget Revenues versus the proposed UHD FY2016 Operating Budget Revenues as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- State Appropriations	\$ 26.5	\$ 30.1
- HEAF	7.4	7.8
- Tuition and Fees	77.1	86.1
- Other Operating	7.8	8.4
- Contracts and Grants, includes Federal financial aid	38.0	37.4
- Endowment Income / Gifts	<u>4.1</u>	<u>3.3</u>
TOTAL	\$ 160.9	\$ 173.1

Mr. McShan presented a brief comparison of the UHD’s FY2015 Operating Budget Expenditures versus the proposed UHD FY2016 Proposed Operating Budget Expenditures as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- Student Access and Success	\$ 126.7	\$ 136.7
- National Competitiveness	3.8	2.2
- Infrastructure & Administration	27.1	30.0
- Community Advancement	<u>3.3</u>	<u>4.2</u>
TOTAL	\$ 160.9	\$ 173.1

UH-Victoria – Recent Accomplishments

- UHV University North, the university’s new academic and economic development building is opening August 15, 2015.
- UHV has increased its grant expenditures by 44% over the last year. UHV also received its largest grant award, \$1.1 million, for the teaching of autism.
- An internationally renowned nonprofit literary organization will move its publishing operations this summer from Champaign, Illinois, to UHV.

University of Houston System

- The School of Business Administration was recently re-accredited by AACSB International – The Association to Advance Collegiate Schools of Business – and was ranked nationally and internationally for its degree programs.
- UHV continues to focus its efforts on becoming a self-sustaining destination university in Victoria.

UH-Victoria – FY2016 Goals

- Student Recruitment and Retention
 - o Expansion of student scholarships to ensure affordability
 - o Collaboration with community colleges to ensure credit transferability
 - o Extension of student recruitment to more high schools
 - o Expansion of recruiting efforts in the area of transfer students
 - o Growth and development of athletic scholarships and new academic programs
- An aggressive building mode in Victoria tied to downward expansion
 - o Learning Commons (containing all Library functions)
 - o Science and Technology Building
 - o Pedestrian walkway on Ben Wilson Street
 - o Demolition of two apartments
 - o Land purchases
 - o New housing facility
 - o Student Center
 - o Complete third floor Academic Economic Development Building

UH-Victoria Budget
FY2016 (\$ in Millions)

Operating Budget Source of Funds		Operating Budget Use of Funds	
- Tuition and Fees – 42%	\$ 25.5M	- Student Access & Success – 85%	\$ 52.3M
- Contracts & Grants* – 13%	7.9M	- Nat’l Competitiveness – 0%	0.2M
- State Appropriations – 31%	19.3M	- Infrastructure & Admin. – 14%	8.2M
- Endow Income/Gifts – 1%	0.4M	- Community Advancement – 1%	0.7M
- Other Operating – 9%	5.9M		
- HEAF – 4%	<u>2.4M</u>		
TOTAL	\$ 61.4M	TOTAL	\$ <u>61.4M</u>
 Capital Facilities Budget -	 <u>\$ 19.0M</u>		
 Total UHV FY2016 Budget	 <u>\$ 80.4M</u>		

UHV’s FY2015 Operating Budget Revenues versus the proposed UHV FY2016 Operating Budget Revenues as follows (\$ in Millions).

	<u>Current</u> <u>FY2015</u>	<u>Proposed</u> <u>FY2016</u>
- State Appropriations	\$ 18.6	\$ 19.3
- HEAF	2.4	2.4
- Tuition and Fees	27.2	25.5
- Other Operating	6.5	5.9
- Contracts and Grants, includes Federal financial aid	6.7	7.9

University of Houston System

UHV FY2015 Operating Budget Revenues versus the proposed UHV FY2016 Operating Budget Revenues as follows (\$ in Millions)– [Cont'd]

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- Endowment Income / Gifts	0.8	0.4
TOTAL	\$ 62.2	\$ 61.4

Mr. McShan presented a brief comparison of the UHV's FY2015 Operating Budget Expenditures versus the proposed UHV FY2016 Proposed Operating Budget Expenditures as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- Student Access and Success	\$ 52.4	\$ 52.3
- National Competitiveness	0.3	0.2
- Infrastructure & Administration	8.9	8.2
- Community Advancement	0.6	0.7
TOTAL	\$ 62.2	\$ 61.4

UH System Administration Budget
FY2016 (\$ in Millions)

Operating Budget Source of Funds		Operating Budget Use of Funds	
- State Appropriations* - 74%	\$ 25.6M	- Infrastructure & Admin.– 92%	\$ 31.8M
- Other Operating – 21%	7.3M	- Nat'l Competitiveness – 3%	1.1M
- Endow Income/Gifts – 2%	1.7M	- Student Access & Success – 5%	1.7M
TOTAL	\$ 34.6M	TOTAL	\$ 34.6M
Capital Facilities Budget -	\$ -0- M		
Total UHD FY2016 Budget	\$ 34.6M		

UH System Administration's FY2015 Operating Budget Revenues versus the proposed UH System Administration FY2016 Operating Budget Revenues as follows (\$ in Millions).

	<u>Current FY2015</u>	<u>Proposed FY2016</u>
- State Appropriations, includes TRB debt service	\$ 26.0	\$ 25.6
- Other Operating	5.8	7.3
- Contracts and Grants	0.0	0.0
- Endowment Income / Gifts	1.6	1.7
TOTAL	\$ 33.4	\$ 34.6

University of Houston System

Mr. McShan presented a brief comparison of the UH System Administration’s FY2015 Operating Budget Expenditures versus the proposed UH System Administration FY2016 Proposed Operating Budget Expenditures as follows (\$ in Millions).

	Current FY2015	Proposed FY2016
- Student Access and Success	\$ 1.7	\$ 1.7
- National Competitiveness	1.1	1.1
- Infrastructure & Administration, includes TRB debt service	30.6	31.8
- Community Advancement	<u>0.0</u>	<u>0.0</u>
TOTAL	\$ 33.4	\$ 34.6

On motion of Regent Wilson, Jr., seconded by Regent Taaffe, and by a unanimous vote of the members in attendance, the request for the University of Houston System FY2016 Financial Plan and Budget – University of Houston System was approved.

Regent Armour stated that following the approval of this item by the committee’s, this item would be addressed by the full Board at their meeting held later today for their consideration and approval.

In the essence of time, Regent Armour requested Mr. McShan present the next five (5) action items to the committee and once presented, a vote for all of these items will be taken. Below are the five (5) actions items presented:

1. Item C - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of the new Health & Biomedical Sciences Building 2 at the University of Houston – University of Houston – F&A-C;
2. Item D - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction for the upgrade to the Cougar Substation at the University of Houston – University of Houston – F&A-D;
3. Item E - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of a new Science, Technology, Engineering and Mathematics Building at the University of Houston-Clear Lake – UH-Clear Lake – F&A-E;
4. Item F - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of residential housing at the University of Houston-Victoria – UH-Victoria – F&A-F; and
5. Item G - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the sale or lease of land – University of Houston System – F&A-G.

The first item addressed by Mr. McShan was approval to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of the new Health & Biomedical Sciences Building 2 at the University of Houston. Previously, \$75.0 million of authority had been

University of Houston System

granted to the Chancellor for this project. The committee is currently requesting an additional \$70.8 million of authority for contract execution that goes along with the funding for the completion of this building. The original approval was for the core and shell of this nine-story; approximately 306,000 square foot facility. The revised budget includes building out space for the College of Pharmacy and other health-related academic programs, external and internal clinics, and providing laboratory space for research.

The next item presented by Mr. McShan was approval to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction for the upgrade to the Cougar Substation at the University of Houston. Approval of this project itself had been brought to the Board in February 2012. This is to strengthen our utility infrastructure. This is a \$24 million project which will be funded completely by HEAF. The project will provide additional electrical capacity to the campus as well as a new underground distribution of electrical feeders from the substation to each building on the Energy Research Park (ERP) campus. The budget had been previously approved so this request is to delegate authority to the Chancellor to execute the next series of contracts to move forward with the project. A discussion of the committee followed this presentation regarding contracts and the new requirements that were now being met in regards to Senate Bill 20. Mr. Mark Yzaguirre, Associate Vice Chancellor and Associate General Counsel for Contracts and Administration was present at the meeting and addressed this issue and answered questions accordingly.

The third action item addressed by Mr. McShan was the approval 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-Clear Lake. This item is requesting approval for a \$65.7 million project budget for the STEM and Classroom Building at UH-Clear Lake. This is a 127,000 gross square foot building. This project also includes the construction of the Bayou Loop Road connector. The Bayou Loop Road connector will connect Bayou Road East with Bayou Road West along the northern boundary of the campus. The road is anticipated to utilize the northernmost driving land of Lot D, be a total length of approximately 1,500 feet of 2-lane road, and constructed with a curb and gutter system. Construction would begin in January 2017 and occupancy would be in August 2018.

The next action item discussed by Mr. McShan was the approval to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of residential housing at the University of Houston-Victoria totaling \$22.8 million. This is a 380-bed sophomore and upper classman housing facility situated across the street from Ben Wilson on a tract of land owned by the University. Construction will begin in May 2016 and occupancy would be in August 2017.

Item G was the fifth and final item of this group addressed by Mr. McShan requesting the approval to delegate authority to the Chancellor to negotiate and execute contracts for the sale or lease of .70 acres of land at a market rate once appraisals have been completed. The land is located at 5050 Yale Street in Houston. This land was donated to the University in 1980 and had been lost in our records. It appears that someone had purchased the property in April (which was a part of a larger piece of land occupied by an apartment complex). It was discovered during a title search but it did not stop the individual from purchasing the land. In the meantime, a playground has built on this

University of Houston System

property which could bring liability concerns to the university having the property. There is no real value to the University other than the value of the property itself.

Ms. Cornell addressed the concerns of the Board regarding this issue; and stated that the University now has a Real Estate Department that should have a full tally of every single piece of property we own; and this will be one of the tasks as that office gets up and running to make sure that all of those things are noted and an incidence like this would not happen again.

Following the presentation of the above five (5) action items, Regent Armour called for a vote to approve these five (5) items as presented.

On motion Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the regents in attendance, these five (5) action items were approved.

Regent Armour asked Mr. McShan to address the next two (2) action items to be considered by the committee. They were as follows:

1. Item H – 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 – University of Houston System; and
2. Item I – 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 – University of Houston.

Mr. McShan presented each of these items to the committee for their consideration and stated these contracts were tied to Senate Bill 20 and these contracts are expected to be entered into on or after September 1, 2015.

The first item addressed was Item H requesting the approval to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1 million for projects at the UH System.. This item included four (4) construction projects at the UH System as follows:

- (a) Engineering Complex Fire Protection at the University of Houston in the amount of \$2,252,000 and will be funded by HEAF funds;
- (b) Fine Arts HVAC Upgrade at the University of Houston in the amount of \$2,758,000 and will be funded by HEAF funds;
- (c) ERP Surface Parking at the University of Houston to add 450 parking spaces in the amount of \$1,230,000; funded from parking revenue; and
- (d) Site Work for a Modular Police Building at UH-Clear Lake in the amount of \$1,130,000. This project will be funded with HEAF funds and utility savings.

University of Houston System

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the regents in attendance, the approval to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1 million for projects at the UH System was approved by the committee.

The second item discussed by Mr. McShan was Item I requesting the approval 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. These contracts are expected to be entered into on or after September 1, 2015. A matrix of the contracts for consideration was addressed.

- (a) The first two contracts listed were the annual renewals of the NPR programming and PBS programming for Houston Public Media and KUHT. The funding source for both of these contracts comes from Public Broadcasting grants and gifts from the community.
- (b) Custodial Services – UH currently contracts with two (2) HUB vendors, Marcis & Associates and Soji Services DBA MetroClean. The initial term of the contracts was three (3) years with two 1-year extension options. UH is recommending exercising its first 1-year extension, which will extend the contracts through FY2016. The University will issue a new RFP for these services during this timeframe.
- (c) Nike Apparel & Equipment – This would extend a contract with Nike for apparel and equipment through July 31, 2022.
- (d) Library Books Approval Plan Service – A multi-year contract not to exceed three (3) years with two (2) single-year options to renew for acquisition of monographic imprints through a Book Approval Plan for the M.D. Anderson Library. The contract will be with YBP.

On motion of Regent Wilson, Jr., seconded by Regent Taaffe, and by a unanimous vote of the regents in attendance, the approval to delegate authority to the Chancellor to negotiate and execute contracts for goods or services exceeding \$1 million, excluding construction contracts, at the University of Houston was approved by the committee.

Regent Armour stated the last action item listed on the Finance and Administration Committee agenda was Item J, Permission to proceed to all digital and HD radio strategy for Classical – University of Houston.

Mr. McShan introduced this item to the committee and asked Ms. Lisa Shumate, Associate Vice President for Houston Public Media to address this issue. Below is a brief summary of her remarks.

Ms. Shumate talked about what listeners want in our media landscape. Listeners want control over when and how they experience media. They want to tune into their favorite stations from their home, car, mobile device, home computer, etc. They want a high quality experience as it relates to sound and clarity; and this is especially true of music consumers.

“How does Houston Public Media (HPM) meet this need?” HD radio technology has reached affordability in cars and home receivers. News HD1 and Classical HD2 over the air signals are already being transmitted in HD at 88.7 tower now available through HD radios. HPM News and Classical formats are also offered at no charge through several digital streaming applications. HPM is ready to meet listener’s high tech and low tech needs.

“So what does this mean?” It means that HPM no longer needs a designated frequency, tower and transmitter for Classical service. It was proposed that 88.7-2 HD Radio be the new home for HPM’s Classical Service, offering better sound quality and reaching more individuals. The digital tune options continue, such as:

- News 88.7 and Classical Apps
- iHeart Radio and Tune In Radio
- www.houstonpublicmedia.org
- Over the air TV- it is streamed on TV 8.5

Current expenditures on the separate frequency, transmission infrastructure and debt can be redistributed to increase our multi-platform content.

Ms. Shumate stated that if approved, HPM’s commitment would start immediately to show and tell their audience, using all HPM platforms, how to receive HD Radio and other digital distribution offerings. HPM’s commitment to the Arts & Culture community remains as strong as ever. HPM employees will continue to produce Classical content via stories, programs, podcasts, specials, and weekly and daily programs that deliver on their mission. This move has no staffing impact.

Communication about the HD digital strategy was addressed. There are many benefits and one of them would be that the communication would produce a buyer for the 91.7 licensed spectrum, tower and transmitter. With Board approval of what would ultimately be a beneficial sale, HPM would be financially strengthened by eliminating the separate infrastructure and debt associated with the additional frequency. The Classical service via HD Radio reaches more individuals through the stronger 88.7 HD2 signal; and it is the right time to move HPM’s Classical Service to have it integrated to one tower and transmitter at 88.7 HD2. A lengthy discussion followed.

On motion of Regent Wilson, Jr., seconded by Regent Taaffe, and by a unanimous vote of the regents in attendance, the permission to proceed to all digital and HD radio strategy for Classical – University of Houston was approved.

At the conclusion of the approval of the last action item presented, Regent Armour called for a motion to place all eight (8) action items presented to the committee on the Board of Regents’ Consent Docket Agenda for final Board approval.

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the committee members present, the following eight (8) action items will be placed on the Board of Regents’ Consent Docket Agenda for final approval at the August 20, 2015 Board of Regents meeting to be held later today as follows:

University of Houston System

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of the new Health & Biomedical Sciences Building 2 at the University of Houston – University of Houston;
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction for the upgrade to the Cougar Substation at the University of Houston – University of Houston;
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and construction of a new Science, Technology, Engineering and Mathematics Building at the University of Houston-Clear Lake – UH-Clear Lake;
4. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contracts for the design and construction of residential housing at the University of Houston-Victoria – UH-Victoria;
5. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the sale or lease of land – University of Houston System;
6. 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;
7. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts Exceeding \$1 million of goods or services, excluding construction contracts, at the University of Houston – University of Houston; and
8. Permission to proceed to all digital and HD radio strategy for Classical – University of Houston.

There was no Executive Session held.

There being no further business to come before the committee, the meeting adjourned at 3:24 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
Paula Myrick Short
Jim McShan
Dona Cornell
Ramanan Krishnamoorti

Raymond Bartlett
David Bradley
Jesse Pisors
Chris Stanich
Dean Ruck

Carl Stockton
Ed Hugetz
Mike Emery
Dick Phillips
Sabrina Hassumani

University of Houston System

Others Present (cont'd)

Elwyn Lee
Eloise Dunn Stuhr
Richard Walker
Don Guyton
William Flores
William Staples
Raymond V. Morgan
Dan Maxwell
Jeremiah Dickey
Jou Jou Zibdaoni
Phil Booth
Brandon Alexander
Brenda Robles

Lisa Shumate
Fred McGhee
Josh Adams
T. J. Meagher
Ernest Ademore-Nevere, Jr.
Trent Williams
Malcolm Davis
Cherri Carbonara
Mark Clarke
Joe Brueggman
Sacha Ryder
Don Price
Marquette Hobbs

Wayne Beran
Mark Yzaguirre
Jonathan Snow
Dan Wells
Eric Gerger
Katherine Miller
Mark Yzaguirre
Jeff Collier
Oscar Gutierrez
Jon Aldrich
Brian Thomas
Shannon Harrison
Gerry Mathisen