

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

Thursday, December 1, 2016 – The members of the Finance and Administration Committee of the University of Houston System convened at 2:00 p.m. on Thursday, December 1, 2016 at the Hilton University of Houston Hotel, Conrad Hilton Ballroom, Second Floor, 4450 University Drive, Houston, Texas 77204, 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
Joshua Freed, 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:

It was noted that Item B – Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the design and site construction of Ben Wilson Street located at the University of Houston-Victoria, was pulled from the agenda at the Facilities, Construction and Master Planning Committee held earlier in the day to be submitted at a future meeting.

Regent Armour stated the committee would be presented three (3) action items for consideration and approval at the meeting. The first two (2) action items to be addressed were related to the approval of delegating authority to the Chancellor for various contracts. Regent Armour asked Mr. Jim McShan, Senior Vice Chancellor for Administration and Finance to present the first two (2) action items and once presented he would call for the vote. Below is a listing of the first two (2) action items presented:

1. Item C - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding \$1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System, F&A-C; and

2. Item D - 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-D.

Mr. McShan stated the first item to be address was Item C, 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. Board of Regents policy 55.01.01 states that the Board must approve any contract, including any amendment, extension, or renewal thereto, that results in the value of the contract exceeding \$1 million throughout the term of the contract. Below is a brief summary of Mr. McShan's remarks on the contracts listed in this item.

- The first two projects listed in this category were continuation of contracts with two (2) separate vendors. These requests for offer were an extended network cabling contract for the fifth (5th) and final year, as followed by the contracts, which began on December 1, 2012 and to be extended to November 30, 2017. Mr. McShan explained that these were basically preselected network cabling companies to be available for small jobs and/or emergency jobs, making the procurement process more efficient. The maximum contract would be \$2.8 million for Triumph Cabling Systems (who is a 100% HUB vendor) and \$1.65 million for Network Cabling Services.
- UH Pharmacy Student Field Training Program with Doctor's Hospital at Renaissance. UH Pharmacy students would train at Doctor's Hospital at Renaissance (DHR) in the Rio Grande Valley. DHR will reimburse UH \$4.35 million over five (5) years for expenses incurred. UH Pharmacy would provide \$150,000 in faculty support over five (5) years, which is the only unreimbursed cost to UH. The reimbursements will be processed monthly and the organization was in good financial condition.
- UH Digital Library Service. Mr. McShan explained that approximately seven (7) to eight (8) years ago, there were approximately 25 universities that collaborated to go in and share the cost of an extensive digital library service. It is \$150,000 a year per university. This is the seventh (7th) year so it would bring this contract over \$1.0 million. This digital subscription was administered by the University of Texas at Austin.
- UH Grants Software Implementation Extension. This request was for an extended contract with Huron Consulting to implement the PeopleSoft Grants Software from December 31, 2016 through May 31, 2017; and to increase the contract not to exceed \$1.36 million. The purpose of the extension was to make some previously unplanned changes to the system in order to meet UH requirements; allow more time for testing prior to implementation, which is expected to be February 28, 2017; and to provide additional post-implementation support. This software would allow tracking for both federal and private grants more efficient.
- Ticket Software. This vendor would provide software to issue tickets for special events (Athletics and Cullen Performance Hall). This contract would begin on February 1, 2017 and would be for five (5) years with an option to renew an additional five (5) years for approximately \$500,000 per year.
- University of Houston – Teach for America Students. This is a revenue contract for housing over the next three (3) years (2017-2019) for the Teach for America organization to use UH residence halls during the summer. This organization brings teachers from around the

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nation to a common location for training and interaction. This revenue contract is estimated to be approximately \$4.0 million.

The second action item addressed by Mr. McShan was 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. Below is a breakdown of the construction contracts greater than \$1 million.

- The first three (3) projects listed in the summary were similar to Job Order Contracts (JOCs). UH was requesting preapproval for vendors in order to have them available to do work on the UH campus without an extended process. This would be for small projects only.
 - The first project was for Mechanical, Electrical, Plumbing (MEP) continuing service agreements. UH would have up to five (5) vendors, with a maximum budget for each one at \$1.5 million, over the next five (5) years. At the present time, if there is an emergency and the university requires a MEP, we would have to go through a JOC. This request would save time and money, if approved.
 - The JOC program is currently up for renewal and due to expire next year. The university was seeking approval to go out for new JOC contracts for five (5) vendors, for up to \$10.0 million for each vendor, over a five (5) year period.
 - The third project was for Architectural and Engineering (A/E) continuing service agreements. UH was requesting approval for up to 10 vendors (architects) to be selected as needed, at approximately \$1.5 million per vendor; and these vendors would be available for all UH System campuses.
- The next two (2) projects were renewals for two (2) existing continuing service agreements:
 - Extend a contract to Campos Engineering through June 2018, which is currently due to expire in June 2017. This is for testing, adjusting and balancing services in the amount of \$1.5 million; and is a 100% HUB vendor; and
 - Extend a contract to Engineered Air Balance through March 2018, which is currently due to expire in March 2017. This was also for testing, adjusting and balancing services in the amount of \$1.5 million. This is not a HUB vendor and they are self-performing all services.
- Project Management Augmentation – This is a Standard Purchasing Agreement on a Service Order Basis with Jacob Project Management Co. This was requesting approval to increase their services through 2018 for projects managed by Facilities Planning and Construction for up to \$3.9 million. They are not a HUB vendor and they are self-performing all services.
- UH Central Energy Plant Chiller Replacement – It was requested that the #1 chiller be replaced at the UH Central Energy Plant at a cost of approximately \$1.5 million. This would be paid by HEAF funds.
- Quad Housing Project – Contract increase for additional architectural services. This would be a \$3.0 million increase to allow for expected design services of the Quad Housing Project on the UH campus.
- ERP Phase II Design – Master Owner-Architect Agreement with Perkins & Will Inc. to increase the contract amount from \$1.6 million to \$2.9 million to allow for design and engineering services associated with the renovation to Building 9B and Building 11 located at the Energy Research Park. The funding source for this project would be from HEAF and local funds.

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- ERP Phase II Construction – Construction Manager at Risk – JT Vaughn Construction LLC – to increase contract amount from \$19.0 million to \$30 million to allow for two (2) additional GMPs for construction phase services associated with renovations to Building 9B and Building 11 located in the Energy Research Park. The funding source for this project would be from HEAF and local funds.

Following the presentation of these two (2) action items, Regent Armour called for a motion to approve these two (2) items as presented.

On motion of Regent Taaffe, seconded by Regent McElvy, and by a unanimous vote of the regents in attendance, the following two (2) action items were approved by the committee as follows:

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding \$1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System; and
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1 million for projects at the University of Houston System.

Mr. McShan presented the next action item on the agenda, Item E, Approval is requested of the Twenty-Seventh Supplemental Resolution to the Master Resolution, the Preliminary Official Statement, and the Notices of Sale authorizing the issuance of Board of Regents of the University of Houston System Consolidated revenue and Refunding Bonds, Series 2017A and Consolidated Revenue and Refunding Bonds, Series 2017B (Taxable) – University of Houston System, F&A-E.

Mr. McShan presented this item for the committee's consideration. This item was requesting that these bonds be sold by a competitive sale for new money and refunding purposes. The new money bonds include projects that are financed by Capital Construction Bonds approved at the 84th Texas Legislative Session. The refunding bonds under consideration included maturities of the Series 2008, 2009, 2009A, and 2011A bonds as well as commercial paper that was issued to bridge finance various projects. The university will be issuing up to \$450.0 million in bonds, a combination of new and refunding bonds.

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the regents in attendance, Item E, on the agenda was approved.

At the conclusion of the approval of the last action item, 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 in attendance, the following three (3) action items were placed on the Board of Regents' Consent Docket Agenda for final approval at the December 1, 2016, Board of Regents meeting held later in the day as follows:

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1. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding \$1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System;
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1million for projects at the University of Houston System; and
3. Approval is requested of the Twenty-Seventh Supplemental Resolution to the Master Resolution, the Preliminary Official Statement, and the Notices of Sale authorizing the issuance of Board of Regents of the University of Houston System Consolidated revenue and Refunding Bonds, Series 2017A and Consolidated Revenue and Refunding Bonds, Series 2017B (Taxable)

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 2:26 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
Jim McShan
Dona Cornell
Eloise Dunn Brice
Richard Walker
Raymond “Vic” Morgan
Michael Olivas
William Staples
Mike Johnson
Lisa Holdeman
Don Guyton
Johanna Wolfe
Jon Aldrich
Marquette Hobbs

Raymond Bartlett
Emily Messa
Shannon Harris
Sabrina Hassumani
Ryan Harrison
Mark Yzaguirre
Wayne Beran
Dick Phillips
Lindsey Ellis
Matt Castillo
James Wofford
Don Price
Macie Kelly
Brenda Robles

David Oliver
Mark Clarke
Mark Boone
Lamar Pritchard
Deidra Garcia
Michelle Dotter
Lisa German
Chris Stanich
Oscar Gutierrez
Pam Muscarello
Christa Rieck
John Vasquez
Shannon Keen