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

Thursday, February 19, 2015 – The members of the Finance and Administration Committee of the University of Houston System convened at 1:13 p.m. on Thursday, February 19, 2015 at the University of Houston, Student Center Ballroom, Room 210, Second Floor, 4800 Calhoun Road, Houston, Texas, with the following members participating:

ATTENDANCE –

Present	Non-Member(s) Present
Spencer D. Armour, III, Chair	Durga D. Agrawal, Regent
Welcome W. Wilson, Jr., Vice Chair	Beth Madison, Regent
Jarvis V. Hollingsworth, Member	Paula M. Mendoza, Regent
Peter K. Taaffe, Member	Roger F. Welder, Regent
Tilman J. Fertitta, Ex Officio	Asit R. Shah, 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.

Regent Armour moved to the first item on the agenda, Item B, the approval of the minutes from the Finance and Administration Committee meeting:

1. November 14, 2014, Finance and Administration Committee Meeting

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AGENDA ITEMS

Action Items:

1. Approval of Minutes – Item B

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

- November 14, 2014, Finance and Administration Committee Meeting

Regent Armour stated the committee would be presented 15 action items and one (1) item for information only. The first four (4) action items were housekeeping items and these are normally submitted regularly and/or annually for approval. Regent Armour requested Dr. Carlucci first introduce these four (4) items requiring committee approval and then following the presentation of those items, Regent Armour would call a motion for the committee's approval. The first four (4) action items presented were as follows:

1. Approval is requested to write off Accounts and Notes Receivable for FY2014 – University of Houston System, Item C – F&A-C;

2. Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policies for Fiscal Year 2015 – University of Houston System, Item D – F&A-D;

3. Approval is requested to modify all banking resolutions for the University of Houston System – University of Houston System, Item E – F&A-E; and

4. Approval is requested for the University of Houston System FY2016 Holiday Schedule – University of Houston System, Item F – F&A-F.

Dr. Carlucci stated that the first action item presented was requesting the approval for the write-off of accounts and notes receivables. There are approximately 12,000+ student accounts, totaling approximately $8.7 million which is down from last year's total. These accounts have been in arrears since 2012. The university continues to try to collect them but we are required to write them off.

Dr. Carlucci addressed the second action item requesting the delegation of authority to the Chancellor to negotiate and execute insurance policies for FY2015. This is the annual insurance renewal. The summary of the coverage was addressed with the largest ones being property and directors and officers and it is anticipated that it will cost about $4.7 million. $4.5 million of this total is for property; and the D&O includes $10 million worth of coverage for the directors and officers; and the university uses the State Office of Risk Management who administrator these contracts.

The third action item addressed by Dr. Carlucci was the request to modify all banking resolutions for the UH System. This item requires board approval. Mr. Tom Ehardt, Associate Vice Chancellor for Finance, recently retired from the university and Mr. Raymond Bartlett has replaced Mr. Ehardt in this position. Mr. Ehardt's name has been replaced on these documents by Mr. Bartlett which signifies the recent change.

The fourth action item addressed by Dr. Carlucci was for the approval of the UH System FY2016 Holiday Schedule. For the FY2016 academic year, 14 holidays have been given by the State and the schedule was given to the board for review.

This concluded the presentations of the four housekeeping items.

On motion of Regent Hollingsworth, seconded by Regent Taaffe, and by a unanimous vote of the regents in attendance, the following four (4) items were approved by the committee:

1. Approval is requested to write off Accounts and Notes Receivable for FY2014 – University of Houston System;
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policies for Fiscal Year 2015 – University of Houston System;

3. Approval is requested to modify all banking resolutions for the University of Houston System – University of Houston System; and
4. Approval is requested for the University of Houston System FY2016 Holiday Schedule – University of Houston System.

Regent Armour stated that the next four (4) items dealt with tuition for new academic programs at UH; mandatory student-recommended fees; voluntary and optional fees; and cost recovery fess at all campuses. The following four (4) items were discussed by Dr. Carlucci as follows:

1. Approval is requested to establish FY2016 tuition rates for **new** academic programs at the University of Houston, Item G – F&A-G;

2. Approval is requested for changes to the FY2016 mandatory student-recommended fees for the University of Houston System campuses – University of Houston System, Item H – F&A-H;

3. Approval is requested for changes to the voluntary and optional fees and charges for Fiscal Year 2016-2017 for the University of Houston System campuses – University of Houston System, Item I – F&A-I; and

4. Approval is requested to delegate authority to the Chancellor to approve cost recovery and voluntary fees and charges excluding those voluntary fees and charges previously approved for the University of Houston System campuses – University of Houston System, Item J – F&A-J.

Dr. Carlucci stated that the first item dealing with tuition is a request to establish FY2016 tuition rates for two **new** programs at the University of Houston. The first one is for the Nursing programs at the University of Houston and it is both for an undergraduate degree and a master's degree program. The second academic program is for the Ph.D. program in Hotel and Restaurant Management (HRM). The proposed credit hour fees for these **new** programs are as follows:

	Current	$ Change	New
University of Houston			
Nursing			
• Resident undergraduate/SCH	$ -0-	$ 410	$ 410
• Resident master's/SCH	$ -0-	$ 525	$ 525
HRM			
• Ph.D./SCH	$ -0-	$ 334	$ 334

Non-resident students in both programs will pay the state-mandated non-resident premium tuition plus the UH non-resident premium that all non-resident UH students pay.

Regent Taaffe asked for clarification regarding the UH-Victoria undergraduate SCH rate of $244 in nursing and he wanted to know the reasoning behind the new proposed rate increase of $410. Dr. Carlucci stated that the $410 rate was for the University of Houston program. Regent Taaffe stated that this was a significant increase and wanted to know the rationale behind this dramatic increase in tuition. Dr. Carlucci asked Dr. Short to address this issue.

Dr. Short stated that the university was moving the nursing program to a Tier One university so the expectations for the type of faculty, the level of research, and the level of facilities that we have, will require additional resources. In order to build that Tier One nursing program both at the undergraduate and graduate level, it is going to require particularly faculty that are qualitatively different than traditional programs that simply prepare nurses to go into the community. With the University of Houston being a research university, nurses that have a doctoral degree will be required nurses that have the research experience. It will require facilities for them to engage in research; therefore, there is a much added cost factor to moving this program to a Tier One university. Dr. Short stated the university had also looked at other Tier One universities to see what would be a comparable type of institution for the nursing program that would be comparable to what we were building.

Dr. Short also stated that another thing about nursing in particular, as we grow the master's degree program, is the student / faculty ratio; and in order to accomplish that we will have to hire new faculty.

Regent Hollingsworth asked Provost Short to comment on the following question. Since this is a health program, he thinks that it would be appropriately and consistently shared in our current cost structure at UH versus UHV; therefore, if it was kept at the same price point, there might be other challenges associated with not charging the rate that is currently being suggested. Was this assumption correct?

Absolutely, Dr. Short stated that if she understood the question correctly. Keeping the same rate as UHV - UH is adding a master's in nursing and the university is also looking at the doctoral level. As we build towards this goal, it would require leveling of the tuition that a student would pay. Our master's program, in particular, helps to support doctoral level programs. They are not cash cows; so to a large extent, that tuition will help fund the development of the Doctor in Nursing and the Ph.D. inNnursing. The Ph.D. in nursing will be added which will be a straight research degree; and is very costly. Personnel costs run very high; and they are not currently required for the program at UHV. A brief discussion followed.

Following this discussion, Dr. Carlucci moved to the presentation of Item H, FY2016 mandatory student-recommended fees for UH-Clear Lake and UH-Victoria as part of downward expansion. The student service fee increase for UH-Clear Lake was $6.00, up from the current rate of $210 to the proposed new rate of $216 (a 2.9% increase). The UH-Victoria student center fee was a new fee and was a way of financing the new student center. The UH-Victoria proposed recommended student center fee for FY2016 was $150. Dr. Carlucci also stated that at this time, the recommended UH-Victoria health center fee of $25 would be put aside and not presented for approval at the meeting.

Regent Hollingsworth inquired as to whether these fees were part of the fee bill for the year or were they per semester? Dr. Carlucci stated that they were per each semester.

A slide was addressed which showed the explanation of the UH-Clear Lake student service fee increase for FY2016. Dr. William Staples, President for UH-Clear Lake, briefed the

committee on this fee and outlined the process. Dr. Staples stated that the Student Life Committee had voted to increase the student service fee to provide resources to expand and enhance services to students. New revenue will provide funds to cover compensation, a student publications social media editor, a career counselor, and a LVN and RN position. The students at UH-Clear Lake had specifically voted to basically to increase the semester credit hourly rate from $35 to $36 and the maximum rate from $210 to $216 per semester. This originates with the students; it comes to the administration (this is not the administration saying we are going to enforce this); the students vote and the university takes their vote seriously.

Dr. Richard Walker, Vice Chancellor for Student Affairs, stated that the way the statute reads, the Student Life Committee has the authority to recommend an increase no greater than 10% by the committee to the administration; and in this case, the recommended increase at UH-Clear Lake was below the 10% threshold. If the recommendation was 10% or higher, it would go before the Student Government Association (SGA) for approval and/or to the student body for a vote. Therefore, sometimes the SGA is comfortable with approving it; they will pass it in their Senate meeting; and then recommend the approval. There are other times that the SGA will say they are not comfortable with it so they will send it to the student body for a vote and the SGA has the authority to do that. The statute does say that student approval is either by senate or referendum whichever the SGA deems is appropriate.

Another slide addressed the UH-Victoria student center fee for FY2016 which was in support of the UH-Victoria goal of becoming a destination university, facilities will be needed to support student engagement and provide amenities common to other institutions. An important component to achieving student success, enhance recruiting, and student retention is social interaction among students and student campus activities. The fee charged would be for the sole purpose of financing, constructing, operating, maintaining, and improving a student center for UH-Victoria.

Dr. Carlucci also mentioned that the student center fee was supported by the UH-Victoria Student Government Association and a vote of the affected student body was completed on February 5, 2015. The referendum passed with 81.66% of students voting to approve the fee. This fee will only apply to students who reside within 50 miles of the UH-Victoria campus; and this fee must also be passed by the Texas Legislature.

Dr. Carlucci moved to Item I, the voluntary and optional fees for academic programs, student housing meal plans, and parking for the UH System campuses for FY2016. As opposed to the mandatory fees which are required of all students, these are voluntary and optional fees where the students may elect to purchase the service. At the University of Houston a list of academic programs, certificates, travel, and various things that students can elect were included in the listing as follows:

1. Activity/Materials Fee – cost of activity and/or materials uniquely designed to meet a specific requirement of a program or curriculum;
2. Executive/Certificate Fee – Surcharge for delivering instruction to an executive or certificate program;

3. Field Study Fees – cost of travel and materials needed for practical application of disciplines in the field; and
4. Admission Application and Graduate Fees – cost of recruiting and processing admission applications to University programs and the process costs related to graduation review.

For FY2016, residential housing plans at the University of Houston will increase an average of 3%; and residential and commuter meal plans will increase an average of 1.2%.

For UH-Clear Lake, there were academic voluntary and optional fee rate increases to support downward expansion for FY2016 which include orientation, advising, registration, reinstatement, and course fees.

UH-Downtown had faculty and staff parking rates increase an average of 53.9% for FY2016 and 20.4% for FY2017. These new rates will be closer to market rates for parking of this type. These funds will go toward servicing the debt that was incurred to construct UH-Downtown's new Girard State Garage, which will go into full service beginning in the Fall of 2015.

UH-Victoria had voluntary and optional fee rate changes for the student meal plans for FY2016. Meal plans will increase an average of 1.93%.

Dr. Carlucci presented the fourth item in this group for the committee's consideration, Item J, cost recovery and voluntary fees and charges excluding those voluntary fees and charges previously approved for the UH System campuses. A representative list of fees was given. Ms. Cornell, Vice Chancellor for Legal Affairs and General Counsel, stated that this was a housekeeping item. A brief discussion followed.

After the presentation of Item J, Regent Armour requested a motion to approve the previous four items presented.

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the regents in attendance, the following four (4) items were approved by the committee:

1. Approval is requested to establish FY2016 tuition rates for **new** academic programs at the University of Houston;
2. Approval is requested for changes to the FY2016 mandatory student-recommended fees for the University of Houston System campuses – University of Houston System;
3. Approval is requested for changes to the voluntary and optional fees and charges for Fiscal Year 2016-2017 for the University of Houston System campuses – University of Houston System; and
4. Approval is requested to delegate authority to the Chancellor to approve cost recovery and voluntary fees and charges excluding those voluntary fees and charges previously approved for the University of Houston System campuses – University of Houston System.

Regent Armour stated the next four (4) action items the committee would consider dealt with construction project budget adjustments over $1.0 million. The items addressed by the committee were as follows:

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of the new Basketball Practice Facility at the University of Houston – University of Houston, Item K – F&A-K;

2. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the build-out of Building 5 located on the University of Houston Energy Research Park Campus – University of Houston, Item L – F&A-L;

3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of additional scope to the Student Center Transformation Project at the University of Houston – University of Houston, Item M – F&A-M; and

4. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of Girard Street Parking Garage and Welcome Center at the University of Houston-Downtown – UH-Downtown, Item N – F&A-N.

Dr. Carlucci stated that for each of these four (4) action items, a detailed sheet had been included which listed the budgets and the budget changes. The first item addressed, Item K, was for the design and construction of the new Basketball Practice Faculty at the University of Houston. At the November 2014 Board meeting, administration had requested approval from the board for the authority of $20 million for this project based on the available funds; but now an additional $5 million is being authorized to be applied to this project, bringing the current budget total to $25 million. This is consistent with the program that had been submitted by Athletics and it completes the development facility (formerly called the practice facility). The project is underway so this will allow the university to completely build it out.

Regent Hollingsworth asked Mr. Mack Rhoades, Vice President for Intercollegiate Athletics, to address the change in scope that is requiring the additional $5 million for this facility. Mr. Rhoades stated that there was never a change in scope; Athletics had to deal with some escalated construction costs and it was always their intent from the beginning to build it out 100%. At the time of the last board meeting, Athletics did not have all of the funding to complete the project and finish it out. A brief discussion followed.

Regent Shah asked whether there were any student fees that were being allocated to this project. Dr. Carlucci stated the funding for this facility comes from the student fee account that was earmarked for football and basketball in the amount of $5 million. Regent Shah also asked if the students had discussed this amongst themselves. Mr. Rhoades was asked to address this issue and stated that he had recently met with Charles Haston, President of SGA, and shared that information with him. Mr. Rhoades also mentioned that it was their

hope to continue to raise money; enough money for this facility so that they will not have to earmark any of that annual student fee money towards this project.

Dr. Carlucci moved to Item L, the request to increase the budget for the build-out of Building 5 located on the University of Houston Energy Research Park Campus. This is where the university is housing start-up company labs – building four houses start-up companies that do not have a lab requirement. After the company gets to a point where they can afford and need a lab, the university moves them into Building 5. Originally, this was an $11 million build-out, but now it is a $13 million build-out. It could be due to the escalation in prices but also labs are not cheap and it costs a lot to accommodate our lab needs. This is all part of the pipeline to build more royalty income and we have moved our patented technologies to incubator lab and eventually to fund for them to become full-fledged companies. This is a $2 million increase and paid for all out of royalty income. The list of start-up companies currently in Building 4 were listed noted below and the strategic plan for the UH Research Park was also addressed.

- C-Voltaics
- Wavve
- Cryosensors
- Reecycle
- Luminostics

These five (5) companies have been targeted to move into Building 5.

Following this presentation, Dr. Carlucci introduced Item M, the transformation of the Student Center requesting the increase in the authority for $1.7 million on top of the $80 million which had been originally budgeted. The additional money will be paid out from the student fees for this purpose and the actual construction that they will be doing is for bowling allies and audio visual. This increase is due to the request of the students for the additional items in the scope of the facility. Regent Shah asked if the students had been involved in this decision and Dr. Richard Walker, Vice Chancellor for Student Affairs, stated that the University Center Policy Board, the governing body over the Student Center project and they are aware of this increase and it had been discussed with them.

Dr. Carlucci presented the final action item of this grouping, Item N, the design and construction of Girard Street Parking Garage and Welcome Center at the University of Houston-Downtown (UHD). The additional funds are for $1.5 million which UHD was able to secure by a grant. The top of the parking garage is an open surface and the plan is to build a Welcome Center on top of the garage.

Dr. Carlucci stated that these were the four (4) construction projects that required budget adjustments.

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the regents in attendance, the following four (4) construction budget adjustment items were approved by the committee:

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of the new Basketball Practice Facility 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 build-out of Building 5 located on the University of Houston Energy Research Park Campus – University of Houston;
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of additional scope to the Student Center Transformation Project at the University of Houston – University of Houston; and
4. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of Girard Street Parking Garage and Welcome Center at the University of Houston-Downtown – UH-Downtown.

Regent Armour stated the last three (3) action items that the committee would consider dealt with contracts over $1 million annually and land leases. They were presented as follows:

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for library subscription services for the MD Anderson Library – University of Houston, Item O – F&A-O;

2. Approval is requested to delegate authority to the Chancellor to negotiate and execute a land lease for the construction of a building to increase innovation space located on the University of Houston Energy Research Park Campus – University of Houston, Item P – F&A-P; and

3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the establishment of a housing partnership – UH-Victoria, Item Q – F&A-Q.

Regent Armour requested Dr. Carlucci present these last three (3) action items to the committee.

Dr. Carlucci stated Item O was for the approval to delegate authority to the Chancellor to negotiate and execute a multi-year contract (not to exceed three years with two single-year options to renew) for library subscription services for the MD Anderson Library following a competitive procurement process. The contract would begin September 1, 2015 at a cost of $4.5 million and for each year following the first year, a potential subscription rate increase might be as much as 6% per year culminating in a maximum annual cost of $5.7 million for the final year of the agreement (given both options for renewals are exercised). The selected vendor would assist the Library with the management of approximately 3,050 annual subscriptions, including various journal and periodical titles as well as titles published as monographic series (i.e., books). The subscribed publications include both print and online resources.

The next item addressed by Dr. Carlucci was Item P, the lease for the innovation space located on the UH Energy Research Park Campus. A fact sheet that addressed the lease terms with the Texas Collegiate Research Center, as well as a summary of the collaboration agreement

because these two things go together. Going back to our conversation about our royalty stream, this is another step in this process and in this case it is a partnership with a private venture capital firm where they will be investing in our IP companies. Dr. Mark Clarke, Associate Vice Chancellor for Technology Transfer, presented a power point presentation to the committee and below is a brief summary of his remarks.

- The Intellectual Property (IP) area is doing very well and their revenue stream is increasing; and there is, in fact, a significant appetite on campus for faculty, students and alumni to be involved in entrepreneurship and commercialization of our technologies.
- The Commercialization Pathways was addressed. The commercialization pipeline for technologies from fundamental research shared labs into products that create value not only for society but also for the university in terms of revenue stream.
- We already have an internal investment fund at UH called the UH Technology Gap Fund that comes out of our royalty stream and essentially that allows funding through this Valley of Death which is a 50K prototype development or reduction of practice award to the faculty member.
- We also use the concept that a start-up company can actually take that technology; and bring it to market; and accelerate it to market much better than potentially a larger company would because there is a greater enthusiasm for an entrepreneur especially with sweat equity and the fact that we, as a university, are very willing to support them to do that.
- One of the things that is essential once you get past that Valley of Death, is even if you begin a start-up company, is the access to capital. This is one of our attempts to actually try to capture our own personal venture capital company at UH.
- It is a rather interesting structure. The overall group we call, TCRC, and that is not necessarily the official title in terms of its corporate, but Legal will tell you that it has been worked out. That overall group will be responsible for essentially splitting into two arms:
  (1) A venture capital company; and
  (2) A real estate arm. This arm is a group where the land lease will go to. They would build a building which they would own but would actually be only involved in entrepreneurship and innovation activities as part of that lease.
- The other part of the venture capital investment would be to show the deal flows in terms of where the money would be coming. TCRC plans, in their first round of the five (5) year window to raise $25 million ($15 million would go to their real estate whereas the other $10 million would be made available for technology and IT investments. They have guaranteed as part of this overall collaboration agreement to investment a minimum of $3 million of their money in UH technologies. That would then fund those either new companies or companies that we have already generated and help push that technology to market as soon as possible and therefore generate more value.
- Also as part of that collaboration agreement, there is a streamlined option to license and license agreements which are actually the terms of which are summarized in the term sheet.

Regent Wilson, Jr. asked from a legal standpoint, what depth does the university have on the nuances of negotiating a long term ground lease and what happens if things do not go according to plan. This was really his biggest concern. Ms. Cornell stated that some of this was still subject to discussion. We are holding their feet to the fire to make certain we maintain as much control as we possibly can including having control over who they will sublease any of this space to. That is still up to some discussion. They want to do it without

any input from us; and we are saying you do not have the authority to do it without our input, so that is one piece that is still under negotiation. A brief discussion followed.

Regent Hollingsworth stated that the university had been through this before in some other building; so input on other tenants, input and/or approval with respect to if certain parts are built-out they cannot lease to certain types of tenants, if something happens to the financial structure of this entity, our right to purchase or have some say in whose hands, etc. Ms. Cornell reassured the committee that there was a very detailed term sheet that has all of those details in the negotiations.

Regent Armour asked Dr. Clarke to quantify the magnitude of this partnership. Dr. Clarke replied that they have been approached by other universities and by other federal agencies on the innovative structure of this partnership; and in fact, there are moves at the federal level to actually try to change the EV5 Legislation to allow this type of partnership to be actually specifically used for innovation not just the creation of jobs through building projects. There has been a lot of interest in what UH is doing. Dr. Clarke also wanted to reassure the board in that the permitted use was very specific in the lease and it is all around building innovation capacity as a partnership with the university.

Dr. Carlucci presented the final action item in this grouping, Item Q, the establishment of a housing partnership at UH-Victoria. The deal structure is based on the deal that was done to build Bayou Oaks here on the UH campus so it relies on the recreation of an entity that will handle the ground lease and the construction and they would issue the debt. A brief discussion followed.

On motion of Regent Wilson, Jr., seconded by Regent Taaffe, and by a unanimous vote of the members in attendance, the following three (3) action items were approved.

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for library subscription services for the MD Anderson Library – University of Houston;

2. Approval is requested to delegate authority to the Chancellor to negotiate and execute a land lease for the construction of a building to increase innovation space located on the University of Houston Energy Research Park Campus – University of Houston; and

3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the establishment of a housing partnership – UH-Victoria.

At the conclusion of the approval of the last three (3) action items presented, Regent Armour called for a motion to place all fifteen (15) action items presented to the committee on the Board of Regents' Consent Docket Agenda for final Board approval at the Board of Regents meeting scheduled for later today, Thursday, February 19, 2015.

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the committee members present, the following fifteen (15) action items will be placed on the Board

of Regents' Consent Docket Agenda for final approval at the February 19, 2015 Board meeting as listed below.

1. Approval is requested to write off Accounts and Notes Receivable for FY2014 – UH System;
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policies for Fiscal Year 2015 – UH System;
3. Approval is requested to modify all banking resolutions for the University of Houston System – UH System;
4. Approval is requested for the University of Houston System FY2016 Holiday Schedule – UH System;
5. Approval is requested to establish FY2016 tuition rates for **new** academic programs at the University of Houston;
6. Approval is requested for changes to the FY2016 mandatory student-recommended fees for the University of Houston System campuses – UH System;
7. Approval is requested for changes to the voluntary and optional fees and charges for Fiscal Year 2016-2017 for the University of Houston System campuses – UH System;
8. Approval is requested to delegate authority to the Chancellor to approve cost recovery and voluntary fees and charges excluding those voluntary fees and charges previously approved for the University of Houston System campuses – UH System.
9. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of the new Basketball Practice Facility at the University of Houston – University of Houston;
10. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the build-out of Building 5 located on the University of Houston Energy Research Park Campus – University of Houston;
11. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of additional scope to the Student Center Transformation Project at the University of Houston – University of Houston;
12. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction of Girard Street Parking Garage and Welcome Center at the University of Houston-Downtown – UH-Downtown;
13. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for library subscription services for the MD Anderson Library – University of Houston;
14. Approval is requested to delegate authority to the Chancellor to negotiate and execute a land lease for the construction of a building to increase innovation space located on the University of Houston Energy Research Park Campus – University of Houston; and
15. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the establishment of a housing partnership – UH-Victoria.

Information Item(s):

The last item listed on the agenda, Item R, was a presentation for information only. Regent Armour requested Dr. Carlucci introduce this item which was a report on the Presentation of the

Fiscal Year 2014 University of Houston System Annual Financial Report Summary – UH System. Below is a brief summary of Dr. Carlucci's remarks.

- Annually, the university submits to the State Controller their financial results which are included in the single State audit.
- The university does not have their own audit.
- This report was prepared out of the university's data warehouse.
- In the case of the university's Annual Financial Report (AFR), it was modified so that the committee was able to see the budget that was approved by the Board ($1,342.3 (Millions) and the actual amount spent ($1,412.0 (Millions). So for both revenues and expenses, they are very close to what the Board had approved as a budget.
- The measurement that was used for how the university was doing was the opinion of our bond raters and asked Mr. Raymond Bartlett, Associate Vice Chancellor for Finance, to address the recent meeting they had with Moody's. Below is a brief summary of Mr. Bartlett's remarks.
- The university had met with Moody's back in August 2014 when a bond issue was held and at that time the university was affirmed with a AA rating. This had been reported to the Board; and in fact, Moody's also met with us again in January 2015.
- Moody's has been much more active than they have been in years past and understanding their credits that they are underwriting and rating.
- The university always worries about our rating as it is important to us, stated Mr. Bartlett, not only in terms of what it says to the external community but it has a fiscal impact too.
- To put this in perspective said Mr. Bartlett, the AA credit rating that the university is trying to protect - if we were to be downgraded to a single A credit rating - on a $100.0 million bond issue this would equate to approximately 1/2% in the market today; and if one were to talk about a market that was much more volatile, it could be even greater than that. Fifty basis points, over a 20-year period, on a $100.0 million bond issue is real money - $7.0 million; therefore, the hard work that everyone does to sustain and maintain that AA credit rating is important.

Regent Armour inquired as to whether or not in our meeting with Moody's, had they expressed any particular concern or guidance about possible issues going forward that might hurt our credit rating. Mr. Bartlett replied that certainly the amount of debt that the university has on the books. Moody's is always concerned about our debt coverage ratios and our ability to generate sufficient revenues to support our debt. They did have some concerns about our operating margin about this last year because it had dipped, but the university brought it back this year and Moody's was very pleased to see that. Mr. Bartlett stated that Moody's uses approximately 50 different matrixes that they measure.

This item was presented for information only and required no committee action.

There was no Executive Session held.

There being no further business to come before the committee the meeting adjourned at 2:22 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.

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Others Present:

Renu Khator
Carl Carlucci
Paula Myrick Short
Dona Cornell
Rathindra Bose
Elwyn Lee
Jason Smith
Eloise Dunn Stuhr
Richard Walker
Don Guyton
William Flores
William Staples
Victor Morgan
Marquette Hobbs
Gerry Mathisen
Wayne Beran
Ed Hugetz
Michelle Dotter
Alan Dettlaff
Bruce Jones
Dan Wells
Wynne Chin
Don Price
Dana Rooks
Jon Aldrich
Dick Phillips
Brian Thomas
Mike Emergy
Brenda Robles
Carl Stockton
Sacha Ryder
Steve Wallace
Mark Clarke
Sabrina Hassemani
Oscar Gutierrez
Phil Booth
Chris Stanich
Shannon Harris
Fuji Watanabe
Anita Couch
Joe Brueggman
Brian Alexander
Brian Thomas