MINUTES OF THE
UNIVERSITY OF HOUSTON SYSTEM
SPECIAL CALLED
BOARD OF REGENTS MEETING
Friday
October 10, 2008

The Chair of the Board, Welcome W. Wilson, Sr., convened the meeting of The University of Houston System Board of Regents in the Elizabeth D. Rockwell Pavilion, Second Floor, M.D. Anderson Library, Houston, TX on Friday, October 10, 2008, with the following members present: Lynden B. Rose, Vice Chair, Jim P. Wise, Secretary, Dennis D. Golden, Tamara K. Goodwin, Carroll Robertson Ray, and Calvin W. Stephens. Regents Nelda L. Blair, Jacob M. Monty and Mica Mosbacher were not in attendance. Noting the presence of a quorum, Chairman Wilson called the meeting to order at 9:37 a.m.

*****

Chairman Wilson stated for this meeting only, the committees will meet as committees of the whole; and all action items presented would be considered for Board approval at the end of the committee meetings.

Chairman Wilson welcomed everyone from the UH-Victoria community and congratulated Coach Sumlin and UH on their recent victory!

CHANCELLOR'S REPORT

Dr. Khator gave a very special welcome to everyone from UH-Victoria and stated how proud she was of their accomplishments. Dr. Khator gave the following remarks:

- Three records have been broken by the University of Houston System: (1) UH Cougars defeated a ranked team after 12 years, East Carolina five weeks ago, and then beat UAB; (2) Enrollment is now at 59,000 students for the first time; and (3) Annual Giving at UHS has increased by 55 percent to $85.4 million for a record.
- Dr. Khator applauded the regents, faculty and staff for all of their efforts during Hurricane Ike. There were 1,600 students who volunteered their time after Hurricane Ike and helped 46,000 people.

Due to a scheduling problem, Chairman Wilson declared the next item on the agenda, Item D, Discussion regarding University of Houston/Scott Street Development – UH System, would be taken out of order and moved to the end of the meeting to accommodate The Honorable Garnet Coleman.

ACADEMIC AND STUDENT SUCCESS COMMITTEE MEETING

Chair of the committee, Jim Wise, called the meeting to order at 9:50 a.m. Mr. Wise introduced the first item for informational purposes, Report from the Commission on Expanding Access to Higher Education – UH-Victoria. He commented this was a Blue Ribbon Commission of outstanding leadership with members Welcome W. Wilson, Sr., Chairman of the UH System Board of Regents and Ron Walker, President, Board of Trustees of The Victoria College, who co-chaired the committee. The 17-member Commission included the UH-Victoria and Victoria College presidents, the superintendent of Victoria ISD, and numerous community leaders. In September 2008, the Commission met four times, the result of which was a report that included three recommendations for consideration by the Victoria College and UH System governing boards – including downward expansion at UH-Victoria – and one recommendation for the Victoria community.

The Commission on Expanding Access to Higher Education was created to explore ways in which Victoria education institutions could enhance student access and success in higher education, in accordance with the goals identified in the state's plan for higher education, "Closing the Gaps." Paramount to the commission's work was examining whether UH-Victoria should be transformed into a four-year university through downward expansion.

Mr. Wise called on Mr. Walker who thanked the UH System, in particular, Chairman Wilson, Dr. Khator, Ed Hugetz, and Chris Stanich for their hard work and support.

Chairman Wilson also thanked State Representative Geanie Morrison for her support. The Honorable Geanie Morrison was unable to attend but her assistant, Ms. Lisa Peterson, attended in her place.

Based on presentations and discussions that took place at its meetings, the Commission on Expanding Access to Higher Education arrived at the following six points of consensus:

- The Victoria ISD, Victoria College, and UH-Victoria must work together to increase the number of local high school students who attend higher education institutions in the region;
- Downward expansion at UH-Victoria is a key component to expanding access to higher education and enhancing student success;
- For downward expansion at UH-Victoria to succeed in the near future, recruitment of students from outside the region is necessary;
- If downward expansion is approved, UH-Victoria will continue to be located on the same campus until enrollment growth generates the need for a separate campus;
- Downward expansion at UH-Victoria must be accomplished in such a way as to not have a material adverse effect on Victoria College; and
- The Victoria community must be an active partner in strengthening the PK-16 pipeline and implementing downward expansion at UHV.

To fulfill these points of consensus, the Commission made the following specific recommendations to the UH System Board of Regents, Victoria College Board of Trustees, Victoria ISD, and the Victoria community in general:

- Authorize UH-Victoria to seek enabling legislation to achieve downward expansion;
- Create the Victoria Education Council. Comprised of the Victoria College president, UH-Victoria president, Victoria ISD superintendent, and community representatives, the Council should develop and coordinate collaborative approaches to strengthening the PK-16 pipeline, including early college/dual enrollment programs, workforce training programs, and joint degree programs. The Victoria Education Council should report to the three governing boards at least once per year; and
- Develop a memorandum of understanding between UH-Victoria and Victoria College that outlines the partnership among the two institutions in the event of downward expansion.

A fourth recommendation was offered by the Commission to the Victoria community:

- Make a five-year commitment to raising resources for scholarships needed to attract freshmen and sophomores to UH-Victoria who reside outside the region. The community's goal for the first year of downward expansion (beginning in fall 2010), is $250,000. This amount will increase in the subsequent four years in order to cover both new and continuing students. The UH-Victoria president will advise community leaders on the scholarships needed in years 2-5.

This item was for information only and required no action by the Board.

The next item on the agenda for Board consideration was the UH-Victoria Downward Expansion – UH-Victoria. The request was for the UH System Board of Regents to approve the resolution addressing downward expansion at UH-Victoria. Mr. Wise called on President Tim Hudson for his presentation on UHV Downward Expansion – Expanding Access. A summary of his remarks are as follows:

Upper Division Universities

- Undergrad enrollment limited to community college transfer students;
- Only four remaining upper level division universities in nation – two in Texas;

Downward Expansion

- Admit freshmen and sophomore students;
- Enriched learning environment;
- Broader service to students;
- Community and economic gains;
- Contribute to Closing the Gaps for Texas; and
- Support the UHS goals of expanded access and student success.

A matrix showing the Fall Enrollment Data: Former Upper Level Universities and Related Community Colleges following 10 years of downward expansion of the university were displayed.

The Business Plan Assumptions were outlined as follows:

- First enrollments: Fall 2010;
- Begin with existing facilities;
- Freshmen student housing – Casa Rio Apts.;
- Enrollment: 150 freshmen, 40 sophomores annually for first 5 years;
- Enrollment increase: 3% year 2; 5% year 3; 7% year 4; 9% year 5;
- Retention rates: 65% freshmen; 75% sophomores; 85% juniors; and
- Each student generates 30 SCHs/year average
- 70% courses taught by faculty (tenure/non-tenure track);
- 30% courses taught by adjuncts;
- Tenure track faculty course load – 8 courses (24 SCH) for combined Fall/Spring semesters;
- Non-tenure track faculty – 10 courses (30 SCH);
- Formula funding rates – based on FY2008-2009;
- Salary projections – based on current rates; and
- Partner with Victoria College

A complete copy of Dr. Hudson's presentation was filed in the Board office.

Regent Ray made a motion for Board approval of the action item as presented. Regent Golden seconded the motion, which passed unanimously.

There being no further business to come before the committee, the meeting was adjourned.

FACILITIES, CONSTRUCTION AND MASTER PLANNING COMMITTEE MEETING

Chair of the Committee, Regent Rose, called the meeting to order at 10:50 a.m. He stated there was one action item on the agenda and called on Dr. Carl Carlucci, who introduced this item.

The Approval for negotiation of a development and lease agreement with ownership of the campus building and underlying 40 acres upon conclusion of the lease – UH-Clear Lake was presented. Dr. Carlucci requested the approval for the delegation of authority to the Chancellor to negotiate a development agreement and 20-year lease for a minimum 22,616 square feet of a campus building from the City of Pearland with ownership to UH System upon conclusion of the lease. This had come to the Board in May 2007 but was since increased in scope and annual cost. There were numerous factors influencing this proposal:

- Opportunity to increase space by 13% (2,616 sq. ft.);
- Favorable bond rate will hold cost impact to 11.6%;
- Project cost per gross square foot increased 7.6%;
- Bond interest rate 5.25%; and

- Operating cost will fluctuate based on annual usage; therefore, it is not included in impact calculation.

The lease presented would have a $250,000 cap, which would limit our risk.

Chairman Wilson moved Board approval of this item as presented. Regent Ray seconded the motion, which passed unanimously.

There being no further business to come before the committee, the meeting was adjourned.

*****

FINANCE AND ADMINISTRATION COMMITTEE MEETING

Chair of the Committee, Calvin W. Stephens, called the meeting to order and turned the meeting over to Dr. Carl Carlucci, who introduced the one item for information.

Update on Campus Status – University of Houston was presented by Dr. Carlucci, who gave a brief overview of Post Hurricane Ike and the Financial Market Impact. Dr. Carlucci stated that the delegation of authority to the Chancellor to negotiate contracts associated with Hurricane Ike recovery would be submitted for Board approval at the next Board meeting in December per Board Policy 55.01.02, Subsection E.

There were two issues addressed in regard to our debt financing:

- Can we go to the market and sell our bonds?
- What price must we pay to borrow?

Dr. Carlucci gave a brief overview of the above scenarios. A copy of his presentation was filed in the Board office.

There being no further business to come before the committee, the meeting was adjourned.

*****

Chairman Wilson called for a 10 minute break at 11:15 a.m.

At 11:24 a.m. Chairman Wilson reconvened the Board meeting, and stated that due to a scheduling problem, Item D, Discussion regarding University of Houston/Scott Street Development – UH System, would not be discussed. This item was for information only and required no action by the Board.

*****

INFORMATION ONLY:

Chairman Wilson introduced three individuals who had signed up for Open Forum:

1. Ms. Kristen Lindley, UH-Victoria Student Senate President;
2. Mr. Will Armstrong, City of Victoria Mayor; and
3. Mr. Dale Fowler, Executive Director, Victoria Economic Development Association.

All individuals addressed the UH-Victoria downward expansion.

*****

CHAIR'S REPORT

There was no Chair's report given at the meeting.

*****

Pursuant to Subchapter D of Chapter 551 of the Texas Government Code, which allows governing boards to meet in closed session, the Board of Regents went into Executive Session at 11:42 a.m. The Board reconvened the meeting at 12:05 p.m.

EXECUTIVE SESSION REPORT

Chairman Wilson announced that the regents consulted with General Counsel, Dona Cornell and property issues were discussed. There was no action taken in Executive Session.

In absence of further business, the Board adjourned at 12:05 p.m.

All documentation submitted to the Board in support of the foregoing action items, including but not limited to "Passed" agenda items and supporting documentation presented to the Board, 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	John Powell
Jerry Strickland	Ron Walker	Eric Gerber
Carl Carlucci	Wynne Chin	Don Guyton
Dona Cornell	Suzanne LaBrecque	Emily Messa
Grover Campbell	Malcolm Davis	Michelle Dotter
Elwyn Lee	Elaine Charlson	Tom Ehardt
Michael Rierson	Donald Day	Lisa Holdeman
Dan Gardner	Ed Hugetz	Ruby Rodriquez

Tim Hudson
Max Castillo
William Staples
Carl Stockton
Ed Jones
Dick Phillips
Alan Dennis
Earl Smith
Dan Jaeckle
Oscar Gutierrez

Will Armstrong
Molly Woods
Karen Clarke
Diane Murphy
Phil Booth
Marquette Hobbs
Cindy Schonably
Charles Alcorn
John Walsh
Gerry Mathisen

Jim Anderson
Jon Aldrich
David Bell
Dave Irvin
Johanna Wolff
Dan Wells
Lisa Peterson
Dana Rooks
Kristen Lindley