AGENDA

UNIVERSITY OF HOUSTON SYSTEM
FINANCE AND ADMINISTRATION
COMMITTEE MEETING

DATE: Wednesday, May 18, 2011
TIME: 10:15 a.m.
PLACE: Hilton University of Houston Hotel
Waldorf Astoria Ballroom E, Second Floor
4800 Calhoun
Houston, Texas 77204

Chair: Jim P. Wise
Vice Chair: Jarvis V. Hollingsworth
Members: Nandita V. Berry
Carroll Robertson Ray, Ex Officio

FINANCE AND ADMINISTRATION COMMITTEE

A. Call to Order

B. Approval of Committee Minutes
   • February 16, 2011 Finance and Administration Committee Minutes

   Action: Approval

C. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $50 million for design and construction of the University of Houston Cougar Village Phase II Residence Hall - University of Houston

   Action: Approval

D. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $9.3 million for design and construction of the University of Houston West Dining Hall - University of Houston

   Action: Approval

AGENDA – 1
E. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $7.5 million for design and renovation of the Energy Research Park Building One at the University of Houston – University of Houston

Action: Approval

F. Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract in excess of $1 million with Today’s Business Solutions for providing office supplies to the University of Houston – University of Houston

Action: Approval

G. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for purchase of property adjacent to the University of Houston-Victoria campus, needed for future campus expansion – University of Houston-Victoria

Action: Approval

H. Adjourn
COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $50 million for design and construction of the University of Houston Cougar Village Phase II Residence Hall.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $50 million for design and construction of the University of Houston Cougar Village Phase II Residence Hall.

This project is the second phase of freshmen residence halls to be located on Wheeler Avenue along the southern edge of the UH campus. Like Cougar Village Phase I this project will consist of two-bedroom, shared-bath units (approximately 1100 beds total) with staff and support space, and resident staff/resident assistant apartments.

SUPPORTING DOCUMENTATION: Financial Pro Forma, Business Plan, Timeline, Site Plan

FISCAL NOTE: Bonds Supported by Residence Hall rents, $50 million Total

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston

PRESIDENT
Renu Khator

DATE
5/6/11

EXECUTIVE VICE CHANCELLOR
Carl Carlucci

DATE
5/2/2011

CHANCELLOR
Renu Khator

DATE
5/6/11
Cougar Village Phase II Budget

- Construction Cost $38,945,000
- Professional Services Fees $3,457,000
- Project Management Fee $1,500,000
- Furniture and Moveable Equipment $2,300,000
- IT Infrastructure and Security $850,000
- Administrative Costs $448,000
- Contingencies $2,500,000

**TOTAL PROJECT COST** $50,000,000

Proposed Project Schedule

- Program confirmation: July 2011
- Design starts: September 2011
- Construction starts: March 2012
- Occupancy: June 2013

Funding Sources

- Auxiliary Revenues (Bonds) – Housing Fees: $50,000,000
### University of Houston Residential Life & Housing
#### Cougar Village 2 Financial Proforma

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
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<tbody>
<tr>
<td>Fall 2013</td>
<td>Fall 2014</td>
<td>Fall 2015</td>
<td>Fall 2016</td>
<td>Fall 2017</td>
<td>Fall 2018</td>
<td>Fall 2019</td>
<td>Fall 2020</td>
<td>Fall 2021</td>
<td>Fall 2022</td>
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<tr>
<td>Revenue</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Occupancy Suite</td>
<td>286,416</td>
<td>295,008</td>
<td>303,859</td>
<td>312,974</td>
<td>322,364</td>
<td>332,035</td>
<td>341,996</td>
<td>352,256</td>
<td>362,823</td>
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<tr>
<td>Total Rental Revenue</td>
<td>8,185,461</td>
<td>8,431,025</td>
<td>8,683,956</td>
<td>8,944,474</td>
<td>9,212,809</td>
<td>9,489,193</td>
<td>9,773,869</td>
<td>10,067,085</td>
<td>10,369,097</td>
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<tr>
<td>Less Weighted Vacancy @ 15%</td>
<td>(1,227,819)</td>
<td>(1,264,554)</td>
<td>(1,302,593)</td>
<td>(1,341,671)</td>
<td>(1,381,921)</td>
<td>(1,423,379)</td>
<td>(1,466,080)</td>
<td>(1,510,063)</td>
<td>(1,555,365)</td>
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<tr>
<td>Net Housing Revenue</td>
<td>6,957,642</td>
<td>7,166,471</td>
<td>7,381,362</td>
<td>7,602,803</td>
<td>7,830,887</td>
<td>8,065,814</td>
<td>8,307,788</td>
<td>8,557,022</td>
<td>8,813,733</td>
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<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Project Reserves</td>
<td>173,941</td>
<td>179,159</td>
<td>184,534</td>
<td>190,070</td>
<td>195,772</td>
<td>201,645</td>
<td>207,695</td>
<td>213,926</td>
<td>220,343</td>
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<tr>
<td>Bad Debt</td>
<td>69,576</td>
<td>71,664</td>
<td>73,814</td>
<td>76,028</td>
<td>78,309</td>
<td>80,658</td>
<td>83,078</td>
<td>85,570</td>
<td>88,137</td>
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<tr>
<td>Net Housing Expenses</td>
<td>3,100,981</td>
<td>3,194,010</td>
<td>3,289,830</td>
<td>3,388,525</td>
<td>3,490,181</td>
<td>3,594,866</td>
<td>3,702,733</td>
<td>3,813,815</td>
<td>3,928,229</td>
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<tr>
<td>Net Operating Income</td>
<td>3,856,661</td>
<td>3,972,361</td>
<td>4,091,532</td>
<td>4,214,278</td>
<td>4,340,706</td>
<td>4,470,928</td>
<td>4,605,055</td>
<td>4,743,207</td>
<td>4,885,503</td>
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<tr>
<td>Debt Service Housing</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
<td>(3,434,998)</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>$421,663</td>
<td>$537,363</td>
<td>$656,534</td>
<td>$779,280</td>
<td>$905,708</td>
<td>$1,035,929</td>
<td>$1,170,057</td>
<td>$1,308,209</td>
<td>$1,450,505</td>
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<tr>
<td>Debt Coverage Ratio</td>
<td>1.12</td>
<td>1.16</td>
<td>1.19</td>
<td>1.23</td>
<td>1.26</td>
<td>1.30</td>
<td>1.34</td>
<td>1.38</td>
<td>1.42</td>
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<tr>
<td>Cumulative Cash Flow</td>
<td>$421,663</td>
<td>$959,026</td>
<td>$1,615,560</td>
<td>$2,394,840</td>
<td>$3,300,548</td>
<td>$4,336,478</td>
<td>$5,506,535</td>
<td>$6,814,744</td>
<td>$8,265,249</td>
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<tr>
<td>Cumulative Project Reserves</td>
<td>$173,941</td>
<td>$353,100</td>
<td>$537,634</td>
<td>$727,704</td>
<td>$923,477</td>
<td>$1,125,122</td>
<td>$1,332,817</td>
<td>$1,546,742</td>
<td>$1,767,086</td>
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</tbody>
</table>
Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $9.3 million for design and construction of the University of Houston West Dining Hall.

SUMMARY: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $9.3 million for design and construction of the University of Houston West Dining Hall. This project was approved by the FC&MP Committee at the February 2011 meeting.

The facility will be an approximately 15,000 NSF/25,000 GSF dining hall to support the residents of the Quads, the new Cougar Place Replacement Project and the needs of the campus community on the west side of campus.

SUPPORTING DOCUMENTATION: Financial Pro Forma, Business Plan, Timeline, Site Plan

FISCAL NOTE: $5 M – Bonds (Auxiliary Revenues)
$4.3 M - Cash (Auxiliary Revenues)

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston
West Dining Hall Budget

Construction Cost $6,847,000
Professional Services Fees $1,051,000
Project Management Fee $271,000
Furniture and Moveable Equipment $275,000
IT Infrastructure and Security $56,000
Administrative Costs $82,000
Contingencies $718,000
TOTAL PROJECT COST $9,300,000

Proposed Project Schedule

Design starts May 2011
Construction starts Oct. 2011
Substantial Completion June 2012
Occupancy Aug. 2012

Funding Sources

$5,000,000.00 – Bonds (Auxiliary Revenues)
$3,300,000.00 - Cash (Auxiliary Revenues)
$1,000,000.00 – Bonds (Moody Towers)
## University of Houston
### Master Food Service
#### Financial Pro Forma

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commission</td>
<td>$1,435,000</td>
<td>$1,651,000</td>
<td>$1,757,000</td>
<td>$1,883,000</td>
<td>$2,012,000</td>
<td>$2,090,000</td>
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<tr>
<td>Capital Contribution</td>
<td>650,000</td>
<td>510,000</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Lease</td>
<td>800,000</td>
<td>1,000,000</td>
<td>1,030,000</td>
<td>1,061,000</td>
<td>1,093,000</td>
<td>1,126,000</td>
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<tr>
<td>Other</td>
<td>285,000</td>
<td>385,000</td>
<td>460,000</td>
<td>465,000</td>
<td>470,000</td>
<td>475,000</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>3,170,000</td>
<td>3,546,000</td>
<td>3,247,000</td>
<td>3,409,000</td>
<td>3,675,000</td>
<td>3,941,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>(701,612)</td>
<td>(794,110)</td>
<td>(831,983)</td>
<td>(850,243)</td>
<td>(983,900)</td>
<td>(1,002,967)</td>
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<tr>
<td>Capital Investment</td>
<td>(650,000)</td>
<td>(510,000)</td>
<td>-</td>
<td>-</td>
<td>(100,000)</td>
<td>(250,000)</td>
</tr>
<tr>
<td><strong>Total Expenses before Debt Service</strong></td>
<td>(1,351,612)</td>
<td>(1,304,110)</td>
<td>(831,983)</td>
<td>(850,243)</td>
<td>(1,083,900)</td>
<td>(1,252,967)</td>
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<tr>
<td><strong>Net Cash Flow before Debt Service</strong></td>
<td>1,818,388</td>
<td>2,241,890</td>
<td>2,415,017</td>
<td>2,558,757</td>
<td>2,591,100</td>
<td>2,688,033</td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calhoun Lofts - food service contribution</td>
<td>(55,000)</td>
<td>(55,000)</td>
<td>(55,000)</td>
<td>(55,000)</td>
<td>(55,000)</td>
<td>(55,000)</td>
</tr>
<tr>
<td>UC Project - Pro forma food service contrib.</td>
<td>-</td>
<td>(420,056)</td>
<td>(420,056)</td>
<td>(420,056)</td>
<td>(420,056)</td>
<td>(420,056)</td>
</tr>
<tr>
<td>Stadium Garage - food service contribution</td>
<td>-</td>
<td>(150,000)</td>
<td>(150,000)</td>
<td>(150,000)</td>
<td>(150,000)</td>
<td>(150,000)</td>
</tr>
<tr>
<td>Moody Towers Dining Hall</td>
<td>(876,495)</td>
<td>(873,038)</td>
<td>(874,163)</td>
<td>(874,307)</td>
<td>(873,020)</td>
<td>(875,595)</td>
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<tr>
<td><strong>West Dining Facility - Pro forma</strong></td>
<td>(25,000)</td>
<td>(525,070)</td>
<td>(525,070)</td>
<td>(525,070)</td>
<td>(525,070)</td>
<td>(525,070)</td>
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<tr>
<td><strong>Total Debt Service</strong></td>
<td>(956,495)</td>
<td>(2,023,164)</td>
<td>(2,024,433)</td>
<td>(2,023,146)</td>
<td>(2,025,721)</td>
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<tr>
<td><strong>Net Cash Flow After Debt Service</strong></td>
<td>$861,894</td>
<td>$218,726</td>
<td>$390,728</td>
<td>$534,324</td>
<td>$567,954</td>
<td>$662,312</td>
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</table>

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt Coverage Ratio</strong></td>
<td>1.90</td>
<td>1.11</td>
<td>1.19</td>
<td>1.26</td>
<td>1.28</td>
<td>1.33</td>
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<tr>
<td><strong>Cumulative Net Cash Flow after Debt Service</strong></td>
<td>$861,894</td>
<td>$1,080,620</td>
<td>$1,471,347</td>
<td>$2,005,672</td>
<td>$2,573,625</td>
<td>$3,235,937</td>
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</tbody>
</table>
COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $7.5 million for design and renovation of the Energy Research Park Building One at the University of Houston.

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to $7.5 million for design and renovation of the Energy Research Park Building One at the University of Houston.

Energy Research Park Building One is the signature building at the Research Park. A three level office building, it will be renovated to bring the building up to code and to correct deficiencies in the building envelope. The building will house University Services, UH Advancement and university partner tenants. Renovations will also support the relocation of some Building Two tenants, creating necessary flex space to allow renovations of other buildings.

SUPPORTING DOCUMENTATION: Budget, Schedule, Site Plan

FISCAL NOTE: Supported by Tenant Rents, $7.5 million total

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston

PRESIDENT

EXECUTIVE VICE CHANCELLOR

CHANCELLOR

Renu Khator

Carl Carlucci

Renu Khator

5/2/2011

5/6/11

5/6/11
### University of Houston
### Energy Research Park
### Building #1 Design and Renovation Pro Forma

<table>
<thead>
<tr>
<th>Pro Forma</th>
<th>UH Advancement</th>
<th>Srvc.</th>
<th>TransWestern</th>
<th>Third Floor</th>
<th>UH or Non-UH</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 523,815</td>
<td>$ 99,503</td>
<td>$ 49,381</td>
<td>$ 118,213</td>
<td>$ 476,973</td>
<td>$ 1,267,886</td>
</tr>
<tr>
<td>Oper. Expense</td>
<td>140,321</td>
<td>26,655</td>
<td>12,499</td>
<td>29,922</td>
<td>120,729</td>
<td>330,126</td>
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<tr>
<td>NOI before DS</td>
<td>383,494</td>
<td>72,848</td>
<td>36,882</td>
<td>88,292</td>
<td>356,244</td>
<td>937,759</td>
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<tr>
<td>Debt Service</td>
<td>243,287</td>
<td>46,214</td>
<td>24,777</td>
<td>59,312</td>
<td>239,317</td>
<td>612,908</td>
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<tr>
<td>NOI after DS</td>
<td>$ 140,206</td>
<td>$ 26,633</td>
<td>$ 12,105</td>
<td>$ 28,979</td>
<td>$ 116,927</td>
<td>$ 324,851</td>
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</tbody>
</table>

| Debt Coverage Ratio | 1.6 | 1.6 | 1.5 | 1.5 | 1.5 | 1.5 |

Debt Coverage Ratio 1.6 1.6 1.5 1.5 1.5 1.5

**F&A – 3.1.1**
**ERP Building 1 Budget**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Construction Cost</td>
<td>$5,744,000</td>
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<tr>
<td>Professional Services Fees</td>
<td>$660,000</td>
</tr>
<tr>
<td>Project Management/Administration</td>
<td>$220,000</td>
</tr>
<tr>
<td>Furniture and Moveable Equipment/IT</td>
<td>$145,000</td>
</tr>
<tr>
<td>Contingency</td>
<td>$731,000</td>
</tr>
</tbody>
</table>

**TOTAL PROJECT COST**  

$7,500,000

**Proposed Project Schedule**

- Design Starts: April 2011
- Construction Starts: Oct. 2011
- Substantial Completion: May 2012
- Occupancy: June 2012

**Funding Sources**

- Commercial Paper converted to Bond Issue
- To Be Paid Back Thru Rent: $7,500,000
COMMITTEE: Finance and Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract in excess of $1 million with Today’s Business Solutions for providing office supplies to the University of Houston.

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract (K-07-00160) in excess of $1 million with Today’s Business Solutions for providing office supplies to the University of Houston campus. The contract is also available to the UH System. Following a competitive process, Today’s was awarded a multi-year contract beginning with FY2007. The original contract period was September 1, 2006 through August 31, 2010 with three one-year renewal options. We are requesting to exercise the second one-year renewal option by extending the contract to August 31, 2012.

SUPPORTING DOCUMENTATION:

FISCAL NOTE: UH is expected to realize at least $100,000 in product savings and contract rebates if the contract is extended to August 31, 2012.

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston

PRESIDENT
Renu Khator 5/6/11

EXECUTIVE VICE CHANCELLOR
Carl Carlucci 5/2/2011

CHANCELLOR
Renu Khator 5/6/11

DATE
Reasons to Extend Today’s Business Solutions

Approval is requested to delegate authority to the Chancellor to negotiate and execute extension to the contract (K-07-00160) with Today’s Business Solutions, a state certified HUB, for providing office supplies to the University of Houston. Following a competitive process, Today’s was awarded a multi-year contract beginning with FY2007. The original contract period was September 1, 2006 through August 31, 2010 with three one-year renewal options. We are requesting to exercise the second one-year renewal option by extending the contract to August 31, 2012.

In April 2010, UH departments were asked to use Today’s exclusively for office supplies, so that the university would receive maximum savings and rebates from the Today’s contract. As a result, purchases from Today’s increased from $1.3 million in calendar year 2009 to $1.8 million in calendar year 2010.

The University of Houston has received the following benefits from its partnership with Today’s:

- Standard discount of 18% to 48% off list price on over 11,000 items
- Deeper discounts of 40% to 80% off list price on up to 600 items frequently purchased by UH called “Coog’s Top Picks”
- “HP Big Deal Discounts” of 39% to 55% off list price on 17 types of Hewlett Packard toner and ink frequently purchased by UH, which are only available through Today’s
  o Purchase of HP products also generates “HP Points,” which can be used to purchase more Hewlett Packard equipment and supplies
- $123K in rebates for calendar year 2010, which will be used to offset budget reductions
- Recycled paper program
  o $9.7K (5% of recycled paper purchases over the past year) issued to UH departments to encourage the purchase of recycled paper
  o Top four departments also received 20,000 HP Points each. Examples:
    ▪ M.D. Anderson Library used their points to replace an old printer that is used by students in the library
    ▪ Cullen College of Engineering used their points to purchase a printer for a computer lab where undergraduate and graduate students work on class projects
  o Closed-loop recycling program – paper recycled by UH is sent to a Boise paper mill to produce recycled paper, which is then purchased by UH from Today’s
  o Result: UH departments more than doubled recycled paper purchases over the past year

F&A – 4.1.1
Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for purchase of property adjacent to the University of Houston-Victoria campus, needed for future campus expansion.

The property (labeled #2 on the map) is a 2.5 acre tract adjacent to and south of Jaguar Hall and the proposed Sophomore Hall residence halls. This property is vacant and will be utilized for the additional parking required by Sophomore Hall as well as to provide improved access to both residence halls.

Local Funds to cover all costs.

Administration recommends approval of this item

University of Houston Victoria