

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

Wednesday, February 16, 2011 – The members of the Finance and Administration Committee of The University of Houston System convened at 10:15 a.m. on Wednesday, February 16, 2011, at the Hilton University of Houston Hotel, Waldorf Astoria Ballroom E, Second Floor, 4800 Calhoun, Houston, Texas, with the following members participating:

ATTENDANCE –

Present

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

Non-Member(s) Present

Welcome W. Wilson, Sr. Regent  
Andrew Cobos, Student Regent

In accordance with a notice being timely posted with the Secretary of State and there being a quorum present, Chair of the Committee, Jim P. Wise, called the meeting to order. Regent Wise stated seven approval items would be presented to the committee and introduced the first action item on the agenda, the approval of the minutes.

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AGENDA ITEMS

**Action Items:**

1. Approval of Minutes – Item B

On motion of Regent Berry, seconded by Regent Ray and by a unanimous vote, the following minutes from the meeting listed below were approved:

- November 16, 2010, Finance and Administration Committee Meeting

2. Approval of changes to the voluntary and optional fees and charges for the University of Houston System campuses – University of Houston System, Item C – F&A-1

Dr. Carlucci, Executive Vice Chancellor for Administration and Finance, requested approval for changes to the voluntary and optional fees and charges for the University of Houston System campuses which included the following:

- University of Houston – Voluntary and Optional Academic Fees;
- University of Houston and University of Houston-Victoria – Housing;
- University of Houston and University of Houston-Victoria – Meal Plans; and
- University of Houston – Parking

## University of Houston System

A powerpoint presentation was presented to the committee which outlined the voluntary and optional fee changes for each component; and a voluntary fees timeline for the University of Houston was addressed. Below is a brief summary of Dr. Carlucci's remarks.

- University of Houston - Voluntary/Optional Fees – Academic Affairs
  - These fees are not required for a student to enroll in classes, declare a major or graduate.
    - (1) Study Abroad Programs – best estimate of actual costs for travel and lodging; and
    - (2) Executive and Certificate Programs – (a) specialized programs offer specific support and training above that of the regular degree program; (b) fee is in addition to mandatory university tuition and fees; and (c) actual costs of materials and services provided to the student in the program and the cost of administering that program and may be market-driven.
- University of Houston Housing – Student Housing
  - The student housing rate would increase an average of 4.1% and would offset capital expenditures for renovations to Moody Towers, Quadrangle, deferred maintenance and operating costs of all facilities.
  - University Partnership Housing:
    - (1) Bayou Oaks and Cullen Oaks – 3.0% increase; and
    - (2) Cambridge Oaks would increase between 0 - 4.2% (3.6% average) depending on the apartment size.

Dr. Carlucci requested Ms. Emily Messa, Assistant Vice President for Business Services, give brief remarks of the proposed University of Houston Meal Plans for FY2012. Ms. Messa noted the following and a discussed followed.

- University of Houston Meal Plans (per academic year). The meal plan prices were recommended to increase an average of 3.8% to keep up with the CPI projections for next calendar year for food. These prices were recommended by the Food Service Advisory Committee stated Ms. Messa.
  - Residential Meal Plans (per semester)
    - (1) FY2011 Meal Plan Price w/Cougar Cash - \$1,550.00; \$60.00 change; 3.9% increase for each Lifestyle meal plan listed below.
      - Lifestyle 21 (21 meals per week plus \$100 Cougar Cash);
      - Lifestyle 15 (15 meals per week plus \$200 Cougar Cash); or
      - Lifestyle 160 (160 meals per semester plus \$400 Cougar Cash).
    - (2) FY2012 Meal Plan Price w/Cougar Cash for each Lifestyle Meal Plan - \$1,610.00
  - Commuter Meal Plans (per semester)
    - (1) FY2011 Meal Plan Price w/Cougar Cash
      - Block 20 (20 meals per semester plus \$50 Cougar Cash)  
FY2011 - \$190.00; \$10.00 change; 5.3% change – FY2012 - \$200.00;
      - Block 40 (40 meals per semester plus \$100 Cougar Cash)  
FY2011 - \$360.00; \$10.00 change; 2.8% change – FY2012 - \$370.00; or
      - Block 80 (80 meals per semester plus \$150 Cougar Cash)  
FY2011 - \$590.00; \$20.00 change; 3.4% change – FY2012 - \$610.00.

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Ms. Messa stated the average percent increase would be 3.8%.

- University of Houston Parking Permit Prices FY 2012 – FY 2013
  - Parking rates were recommended by the Transportation and Parking Advisory Committee to allow for future parking facility improvements and development as well as increasing services offered. Recommended faculty/staff parking rates increased an average of 13.8% in FY2012 and 18% in FY2013, while student rates increased an average of 22.7% in FY2012 and 21% in FY2013. All of the projected revenue increases would be applied towards the Stadium Parking Garage debt service, two smaller garages as well as fund additional surface lot parking.
  
- University of Houston-Victoria Housing and Meal Plans
  - Student Housing (per academic year)
    - The student housing rate increase of 4.9% will offset increased operating and maintenance costs.  
FY2011 – Double - \$4,050.00; \$200.00 change; 4.9% change; FY2012 - \$4,250.00 total.
  - Meal Plan (per semester)
    - Various meal plans rate increases to partially cover increased operating costs. Average percentage increase of 2.2%; No increase to resident meal plans.
    - Commuter Meal Plan:  
Select Plan 80 (80 meals/semester) FY2011 - \$420.00; \$20.00 change; 5% change; FY2012 - \$440.00.
    - Faculty/Staff Meal Plan:  
Block 5 (5 meals/semester) FY2011 - \$30.00; \$2.50 change; 8% change; FY2012 - \$32.50.  
Block 10 (10 meals/semester) FY2011 - \$55.00; \$7.50 change; 14% change; FY2012 - \$62.50.  
Block 15 (15 meals/semester) FY2011 - \$80.00; \$10.00 change; 13% change; FY2012 - \$90.00.

The average percentage increase for University of Houston-Victoria meal plans – 2.2%.

- University of Houston System – FY2012 Voluntary and Optional Fee Changes Summary.

|                                  | <u>Estimated Revenue<br/>Change</u> | <u>Average Percentage<br/>Increase</u> |                     |
|----------------------------------|-------------------------------------|--|---------------------|
| University of Houston            |                                     |  |                     |
| Academic Voluntary/Optional Fees | \$ 1,342,700                        |  | Various             |
| Housing                          | 743,100                             |  | 4.1%                |
| Meal Plans                       | 361,000                             |  | 3.8%                |
| Parking FY2012                   | 1,275,000                           |  | 13.8% Faculty/Staff |
|                                  |                                     |  | 22.7% Student       |
| Parking FY2013                   | 1,206,400                           |  | 18.0% Faculty/Staff |
|                                  |                                     |  | 21.0% Student       |

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|                                | <u>Estimated Revenue<br/>Change</u> | <u>Average Percentage<br/>Increase</u> |
|--------------------------------|-------------------------------------|--|
| University of Houston-Victoria |                                     |  |
| Housing                        | \$ 50,500                           | 4.9%                                   |
| Meal Plans                     | 8,900                               | 2.2%                                   |

The committee addressed numerous issues related to this presentation and a lengthy discussion followed.

On motion of Regent Berry, seconded by Regent Ray and by a unanimous vote, the approval of changes to the voluntary and optional fees and charges for the University of Houston System campuses was approved and will be placed on the Consent Docket at the Board of Regents meeting on February 16, 2011 for final Board approval.

3. Approval is requested to write-off uncollectable Accounts and Notes Receivable for FY2010 – University of Houston System, Item D – F&A - 2

Dr. Carlucci introduced this item and discussed the process being used for this procedure. The approval to write-off Accounts and Notes Receivable totaling \$11,513,099 (in 15,876 accounts) for FY2010 for the University of Houston, University of Houston-Clear Lake, University of Houston-Downtown, and University of Houston-Victoria was noted. The FY2009 write-off for all universities totaled \$11,326,023 (in 12,048 accounts). State universities are required by law to extend credit to students without consideration of credit history or ability to repay. The University of Houston accepts research awards from, and extends credit to, various federal, state, private, and local agencies and organizations.

On motion of Regent Hollingsworth, seconded by Regent Berry and by a unanimous vote, the approval requested to write-off uncollectible accounts and notes receivable for FY2010 for the University of Houston System was approved and will be placed on the Consent Docket at the Board of Regents meeting on February 16, 2011 for final Board approval.

4. Approval is requested for write-off obsolete Capital Assets for FY2010 - University of Houston System, Item E – F&A – 3

Dr. Carlucci requested approval for the write-off of obsolete equipment and library book inventories with a total residual value of \$1,202,934 for FY2010 for the University of Houston, University of Houston-Clear Lake, University of Houston-Downtown, University of Houston-Victoria, and University of Houston System Administration. The residual value of \$1,202,934 pertains to \$9.0 million in original book value less \$7.8 million in accumulated depreciation. For FY2009, the comparable reduction of inventory had residual value of \$420,156 with a book value of \$9.9 million and accumulated depreciation of \$9.5 million.

Dr. Carlucci noted in the disposal of obsolete inventory, the University follows state guidelines for the disposal of fixed assets, which includes sales by public auction, trade-in for purchases, transfers to assistance organizations such as school districts, and for the library, the removal of books and periodicals from circulation.

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On motion of Regent Hollingsworth, seconded by Regent Berry and by a unanimous vote, the approval for write-off of obsolete capital assets for FY2010, University of Houston System was approved and will be placed on the Consent Docket at the Board of Regents meeting on February 16, 2011 for final Board approval.

5. Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policy renewals for FY2011 – University of Houston System, Item F – F&A - 4

This item, introduced by Dr. Carlucci, requested the approval to delegate authority to the Chancellor to negotiate and execute insurance policy renewals for FY2011. Mr. Robert Schneller, Director of Environmental Health and Risk Management noted the current annualized insurance expense to be under \$4.3 million. Insurance renewal rates are expected to increase modestly due to various aspects of the University's growth. Policy quotations have not been received thus the exact insurance premium is unknown at this time. Therefore, the approval to designate the delegation of authority to the Chancellor to negotiate insurance coverage terms and purchase insurance policies in an amount not to exceed \$5 million for FY2011 was requested.

On motion of Regent Hollingsworth, seconded by Regent Ray and by a unanimous vote, the approval to delegate authority to the chancellor to negotiate and execute insurance policy renewals in an amount not to exceed \$5 million for FY2011 was approved and will be placed on the Consent Docket at the Board of Regents meeting on February 16, 2011 for final Board approval.

6. Re-approval of Construction of Classroom and Business Building at the University of Houston and to delegate authority to the Chancellor to negotiate and execute contracts up to \$41,000,000 – University of Houston, Item G – F&A – 5

Dr. Carlucci requested re-approval for the construction of Classroom and Business Building at the University of Houston, to raise the project budget from \$31,000,000 to \$41,000,000 and to delegate authority to the Chancellor to negotiate and execute contracts up to \$41,000,000 associated with the construction of this facility. The building size would increase from 112,723 GSF to 146,940 GSF.

Due to the current favorable bidding climate bids were significantly below budget. This allowed the University to add an additional floor of shell space to the building within the approved project budget. It will also allow the University to build out the three floors of shell space at significantly less than originally estimated.

On motion of Regent Hollingsworth, seconded by Regent Ray and by a unanimous vote, the re-approval of construction of classroom and business building at the University of Houston and to delegate authority to the Chancellor to negotiate and execute contracts up to \$41,000,000 was approved and will be placed on the Consent Docket at the Board of Regents meeting on February 16, 2011 for final Board approval.

7. Re-approval of Construction of Cemo Hall at the University of Houston and to delegate authority to the Chancellor to negotiate and execute contracts up to \$10,599,000 – University of Houston, Item H – A&A – 6

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This item was presented by Dr. Carlucci who requested re-approval for the construction of Cemo Hall at the University of Houston to raise the project budget from \$8,987,000 to \$10,599,000 and to delegate authority to the Chancellor to negotiate and execute contracts up to \$10,599,000 associated with construction of this facility.

The budget increase is a result of the following:

- (a) Related site work, project utilities and new utility tunnel funded from HEAF funds;
- (b) Additional costs associated with the water infiltration remediation; and
- (c) Additional costs associated with the redesign and construction of the Testing Center.

The Testing Center was reprogrammed and redesigned to work in conjunction with the new Classroom and Business Building which was approved and programmed after the initial Cemo Hall approval.

On motion of Regent Hollingsworth, seconded by Regent Ray and by a unanimous vote, the re-approval for construction of Cemo Hall at the University of Houston to raise the project budget from \$8,987,000 to \$10,599,000 and to delegate authority to the Chancellor to negotiate and execute contracts up to \$10,599,000 associated with construction of this facility was approved and will be placed on the Consent Docket at the Board of Regents meeting on February 16, 2011 for final Board approval.

There being no further business to come before the committee, the meeting adjourned at 11:30 a.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  
Dona Cornell  
Elwyn Lee  
Stuart Long  
Don Smith  
Barbara Stanley  
Monica McHenry  
Dave Irvin  
Emily Messa  
Ed Jones

Wayne Beran  
Elaine Charlson  
Craig Ness  
Dan Wells  
Oscar Gutierrez  
Ed Hugetz  
Dimitri Litvinov  
Karen Clarke  
Tom Ehardt  
Steve Warner  
Marquette Hobbs

David Ellis  
Don Guyton  
Kal Marchi  
Robert Schneller  
Eno Udoh  
Bob Browand  
David Bradley  
Liz Fletcher  
Mike Emery  
Jon Aldrich  
Gerry Mathisen