

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

April 14, 2009

The Chair of the Committee, Calvin W. Stephens, convened the meeting of the Finance and Administration Committee of the University of Houston System Board of Regents in the Elizabeth D. Rockwell Pavilion, M.D. Anderson Library, University of Houston, 4800 Calhoun, Houston, Texas, at 8:34 a.m. on Tuesday, April 14, 2009, with the following members present: Calvin W. Stephens, Dennis D. Golden, O.D., Jacob M. Monty, and Welcome W. Wilson, Sr., Ex Officio. Regent Mica Mosbacher was unable to attend.

Regent Stephens stated 11 approval items were on the agenda and introduced Dr. Carl Carlucci, who presented the following action items for consideration by the committee.

Action Items

1. Approval of FY 2010 Academic Tuition and Fee Changes - UH System

Dr. Carlucci requested approval for undergraduate and graduate tuition and fee rate changes for the University of Houston System campuses. The registration process has begun but while this process has started, all of the necessary information needed to set tuition and fees has not been received. The requested changes were in the form of ranges to be charged starting in the Fall 2009 semester. The rates presented would result in an average increase for a 12 hour resident undergraduate student from zero to 5% at the University of Houston; zero to 4.8% at UH-Clear Lake; zero to 4.8% at UH-Downtown; and zero to 3.4% at UH-Victoria.

The maximum recommended changes for each UH System campus is listed below for reference:

University of Houston	-	\$168.00
UH-Clear Lake	-	\$116.00
UH-Downtown	-	\$101.00
UH-Victoria	-	\$ 72.00

Dr. Carlucci called upon Dr. John Antel, who addressed this issue. Dr. Antel stated the Tuition and Fees Committee had met several times and discussed the recommended increases. Two public hearings were also held: one mid-day and one in the evening which were both well attended by students.

There would be several new programs instituted in financial aid: (1) the Cougar Promise (would be increased from \$30,000 to \$40,000); (2) more discounted, early

University of Houston System

morning, evening and summer courses; (3) a greater promotion of the graduation rate contract; and (4) greater promotion of available scholarship programs.

Regent Stephens stated if tuition and fees increased 5 percent it would generate approximately \$9.5 million and would target student success initiatives. In addition, \$2 million would go towards student scholarships; approximately \$6 million towards student enrollment and support initiatives such as advisors, recruiters, customer service staff, teacher's aides, classrooms, and library resources, and the remaining \$1.5 million would go towards instructional faculty positions.

The rate changes and estimated revenues to be realized were addressed for each university. Policies governing tuition, fees, and other charges were approved by the Board of Regents of the University of Houston System and comply with applicable state statutes. Tuition and fees are subject to change by Legislative or Board action and become effective on the date enacted.

Regent Golden made a motion to approve this item as presented to the committee. Regent Monty seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

2. Approval of voluntary and optional charges for the University of Houston – University of Houston

Dr. Carlucci requested for voluntary and optional fees and charges for the University of Houston campus services. These increases included items such as parking permit rates, housing, meal plans, study abroad, field trips, executive programs, and other services provided to students, faculty and staff at each campus.

Listed below are the proposed FY2010 optional fee changes, along with the FY2011 parking changes. The parking increase would help to build a third parking garage in 2011.

• Academic Optional Fees	-	\$360,000
• Housing	-	\$310,011
• Child Care	-	\$ 10,000
• Meal Plans	-	\$563,785
• Parking	-	\$901,910 (FY2011 - \$570,381 (add'l parking revenue)

Regent Stephens made a motion to approve this item as presented to the committee. Regent Monty seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

3. Approval is requested for delegation of authority to the Chancellor to negotiate and execute contracts for the financing and construction of approved program in the Central Utilities Plant – University of Houston

University of Houston System

Dr. Carlucci requested approval for the delegation of authority to the Chancellor to negotiate and execute contracts for the financing and construction of approved program in the Central Utilities Plant and called upon Mr. Dave Irvin, who gave a presentation to the committee. The scope of the project is outlined below:

- Replaces 35-40 year old outdated equipment;
- Expand chilling capacity 32% to serve campus expansion;
- Reduce campus electrical consumption 3-5% per year;
- Save over \$1.2 million in utility costs; and
- Reduce NOX emissions 70% to meet EPA mandates.

The Central Utility Plant Renovation Schedule is shown below:

- Board of Regents Approval April 2009
- Texas Higher Education Coordinating Board May 2009
- Equipment Purchasing Begins June 2009
- Construction Begins November 2009
- Construction Completion December 2012

This project has been submitted for stimulus funding and was given as the number one priority for the University of Houston. Mr. Irvin reiterated the university currently has \$9 million set aside for this project and should this not be approved for stimulus funding, the strategy would be to take the money out of CRDM over the next five years at \$7 million per year. A complete copy of Mr. Irvin's presentation was filed in the Board office.

Regent Golden made a motion to approve this item as presented to the committee. Regent Monty seconded the motion, and the committee concurred. This item will be placed on the agenda for April 21, 2009 Board of Regents agenda for final approval.

4. Approval is requested for delegation of authority to the Chancellor to negotiate and execute the contract to provide custodial service for the University of Houston-Downtown – UH-Downtown

Dr. Carlucci requested approval for the delegation of authority to the Chancellor to negotiate and execute the custodial contract with WFF Facility Services upon agreement of the general terms and conditions. The current contract expires in July 2009.

Dr. Carlucci called on David Bradley who presented to the committee some background data on this request. Eight proposals had been submitted for consideration and were evaluated by UH-Downtown Purchasing Department and Facilities. A weighted value was determined for each proposal based on (1) total contract price; (2) qualifications of key personnel including training and transition plan; and (3) similar project experience. The proposed company, WFF Facility Services Company from Missouri, had offered the lowest proposed contract amount of \$4,887,428 with 'high' rankings for key personnel and similar experience.

University of Houston System

Regent Golden made a motion to approve this item as presented to the committee. Regent Monty seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

5. Approval is requested for the delegation of authority to the Chancellor to negotiate and execute a ground lease and other agreements with Fort Bend County for the construction of a County Library- UH System

Dr. Carlucci requested the approval for the delegation of authority to the Chancellor to negotiate and execute a transaction which involved ground lease to Fort Bend County of approximately 3.39 acres of land for the construction of a Fort Bend County Branch Library. Fort Bend County (lessee) would be responsible for all costs associated with operating and maintaining the library. The initial lease term shall be for 50 years, renewable for up to five (5) additional ten (1) year periods upon mutual written agreement of the Parties. At the end of the lease term, the library will revert to the UH System. The rent will be \$1.00 per year. The UH System will be responsible for 12.5% of the construction costs of the library to a cap of \$1.5 million.

Regent Stephens made a motion to approve this item as presented to the committee. Regent Monty seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

6. Approval is requested for the delegation of authority to the Chancellor to negotiate and execute the applicable agreements to convey right of way in Utility Corridor at University of Houston-Clear Lake – UH-Clear Lake

Dr. Carlucci requested approval for the delegation of authority to the Chancellor to negotiate and execute the applicable agreements to convey the easement under mutually acceptable conditions. The conveyance of a 0.74 acre easement to Shell Chemical LP in the utility corridor is located on the UH-Clear Lake campus. The easement would be part of a larger 37 mile pipeline to transport dry gas from the Texas City refineries to Shell's Deer Park Chemical Plant. Shell Chemical will pay \$31,069.00 for the easement which constitutes fair and equitable consideration.

Regent Monty made a motion to approve this item as presented to the committee. Regent Golden seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

7. Approval is requested for the delegation of authority to the Chancellor to negotiate and execute contracts associated with the purchase of the University Business Park property – UH System

Dr. Carlucci requested approval for the delegation of authority to the Chancellor to negotiate and execute contracts associated with the purchase of the University Business Park property which consists of 69 acres, with 15 buildings containing 580,552 sf of space. The terms of the contracts for the purchase of this property would

University of Houston System

not exceed \$28 million and if acquired, the property would be conditioned upon favorable outcome of all due diligence assessments and acceptable terms and conditions of the contract.

Dr. Carlucci expressed that this property represented a natural expansion of the University of Houston campus due to its close proximity to the campus; the university's current leasing occupancy in University Business Park, and the university's need for additional space. It is also adjacent to the 4902 Gulf Freeway Annex which had been previously acquired by the university and would give the university the opportunity to improve accessibility with future roadway improvements.

Regent Golden made a motion to approve this item as presented to the committee. Regent Monty seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

8. Approval to issue Consolidated Revenue and Refunding Bonds, Series 2009A – UH System

Dr. Carlucci requested the approval to issue Consolidated Revenue and Refunding Bonds, Series 2009A – UH System which would be sold by competitive sale for new money and refunding purposes. The Bonding authority would not exceed \$80 million.

Regent Monty made a motion to approve this item as presented to the committee. Regent Golden seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

9. Approval to Amend UH System Debt Policy – UH System

Dr. Carlucci recommended the amendment to the UH System Debt Policy as follows:

- Include a requirement that no more than \$40 million in commercial paper can mature in any five (5) consecutive business days;
- Clarify that the Treasurer or a Designated Financial Officer is authorized to execute reimbursement resolutions;
- Correct the system Chief Financial Officer's title; and
- Specify the name of the committee for which its Chair is authorized to price bonds.

The limitation on the amount that can mature in a specified period of time is consistent with other major Texas university systems that issue commercial paper.

Regent Golden made a motion to approve this item as presented to the committee. Regent Monty seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

University of Houston System

10. Approval of Investment Resolutions for the University of Houston System – UH System

Dr. Carlucci requested approval to renew the Resolution Governing the Sale, Assignment, Endorsement, Transfer, and Delivery of Gift Securities for Any Component of the UH System; the Resolution Governing the Purchase and Sale of Securities and Similar Investments for the UH System Endowment Fund; and the Resolution Governing the Purchase and Sale of Securities and Similar Investments for all Non-Endowed Funds of the UH System. There were no changes in persons authorized to make investment decisions; however, these resolutions must be renewed semi-annually.

Regent Monty made a motion to approve this item as presented to the committee. Regent Golden seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval.

11. Approval is requested for ratification of a contract between the Texas Institute for Measurement, Evaluation and Statistics (TIMES) at the University of Houston and Riverside Publishing Company – University of Houston

Dr. Carlucci introduced this item and asked Ms. Dona Cornell, General Counsel, to comment on this request. Ms. Cornell stated there would be no risk or exposure to the University of Houston. Since the annual costs of the contract is approximately \$1.1 million it would require Board approval. This agreement would allow the university to continue participating in the “Reading First” program, which is a statewide testing initiative for first and second grade elementary students.

Regent Monty made a motion to approve this item as presented to the committee. Regent Golden seconded the motion, and the committee concurred. This item will be placed on the agenda for the April 21, 2009 Board of Regents meeting for final board approval

There being no further business to come before the committee, the meeting adjourned at 10:15 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.

Others Present:

Carl Carlucci
John Antel
Dona Cornell

John Walsh
Dave Irvin
Wayne Beran

Tom Ehardt
John Powell
Ed Hugetz

University of Houston System

Elwyn Lee
Don Guyton
David Bell
Liz Fletcher
Emily Messa
Patrick McNeal
Dineta Frazier

Raymond Bartlett
Craig Ness
David Bradley
Jeannie Keever
Mike Emery
Jon Aldrich
Marquette Hobbs

Dan Wells
Elaine Charlson
Sue Davis Green
Oscar Gutierrez
Ed Jones
Jean Carr
Gerry Mathisen