Thursday, May 18, 2017 – The members of the Finance and Administration Committee of the University of Houston System convened at 10:57 a.m. on Thursday, May 18, 2017 at the Hilton University of Houston Hotel, Conrad Hilton Ballroom, Second Floor, 4450 University Drive, Houston, Texas 77204, with the following members participating:

ATTENDANCE –

<table>
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<tr>
<th>Present</th>
<th>Members Absent</th>
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<tr>
<td>Spencer D. Armour, III, Chair</td>
<td>Tilman J. Fertitta, Ex Officio</td>
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<td>Welcome W. Wilson, Jr., Vice Chair</td>
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<td>Gerald W. McElvy, Member</td>
<td>Non-Members Present</td>
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<td>Peter K. Taaffe, Member</td>
<td>Beth Madison, Regent</td>
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<td>Paula M. Mendoza, Regent</td>
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<td>Joshua A. Freed, Student Regent</td>
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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.

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AGENDA ITEMS

Action Items:

The first item requiring committee approval were the minutes from the following Finance and Administration Committee meetings:

1. May 19, 2016, Finance and Administration Committee Meeting
2. August 25, 2016, Finance and Administration Committee Meeting
3. December 1, 2016, Finance and Administration Committee Meeting

On motion of Regent Gerald McElvy, seconded by Regent Welcome W. Wilson, Jr., and by unanimous vote of the regents in attendance, the minutes from the Finance and Administration Committee meetings listed above were approved.

Regent Armour stated the committee would be presented five (5) action items for the board’s consideration and approval at this meeting.

The first action item addressed for the committee’s consideration was Item C, Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the construction of the University of Houston-Downtown Science and Technology Building/Central
Utility Plant. Regent Armour asked Mr. Raymond Bartlett, Senior Associate Vice Chancellor for Finance to present this item to the committee.

Mr. Bartlett said the UH-Downtown Science and Technology Building project had been previously approved as presented by the Board in August 2016 in the amount $68 million. This building would consist of 117,000 SF and would house programs in chemical and molecular life sciences and engineering in order to expand and build upon its current high impact experiences for undergraduates through faculty-student research and modern project-driven laboratory courses.

Mr. Bartlett stated this item was being brought back for the Board’s consideration and approval due to an increase in total project cost resulting from an increase in scope. A decision had been made to include the Central Utility Plant as part of this project; and as a result, the project cost increased by $7.5 million, for a total project cost of $75.5 million. By adding the Central Utility Plant to this project, it would provide utilities for not only the UHD Science and Technology Building but also for future campus expansion; and this would be a more cost effective approach than having a stand-alone infrastructure for this building and then having to build the infrastructure to support utilities for future expansion. For the record, Mr. Bartlett stated that some of the supporting documents had recorded August 2017 instead of August 2016 on the contracts. This was noted and it will be corrected.

On motion of Regent Wilson, Jr., seconded by Regent McElvy, and by a unanimous vote of the members in attendance, the request to delegate authority to the Chancellor to negotiate and execute contracts for the construction of the UH-Downtown Science and Technology Building/ Central Utility Plant was approved.

Regent Armour moved to the next item listed on the agenda, Item D, Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding $1 million for projects at the UH System, and asked Mr. Bartlett to present this item to the committee.

Mr. Bartlett noted that the first project listed in this item was a sprinkler system installation contract for the Agnes Arnold Hall on the University of Houston (“UH”) campus. This contract was initially approved by the Board in February 2016 for $1.8 million. At the time the Board approved the $1.8 million contract, a contractor had not been identified and the $1.8 million had been an estimate based on their best efforts looking at the facilities. Now with a contractor in place and the ability to assess the situation, it was determined that the total cost of this project will be $4.5 million. The increase is due to abatement issues, construction methods, and the architecture of the building. A brief discussion followed.

The next construction contract addressed was for the Third Ward Community Engagement Institute (“TW-ACE”). The site for this project will be discussed later in the meeting but should the site location be approved, this item would be for the building itself in the amount of up to $1.4 million which will be supported through a federal grant.
The next item addressed was the needed repairs to The Wortham House. Like every other property that is within the University’s inventory, every property is reviewed and maintained to a certain standard. When this facility was inspected by the university’s Department of Real Estate Services in conjunction with Facilities, it was determined that there was needed repairs to windows, doors and the envelope of the facility. Due to these needed repairs, the approval was requested for up to $1.2 million for this project.

Mr. Bartlett stated the next three (3) items listed in Item D were for Commissioning Services CSA agreements. Approval was requested for $1.5 million for each of these three (3) projects. Each contract would run through February 2018 and it was anticipated that each of these contracts would go over $1.0 million each. Commissioning is basically where the university has a third party independently evaluate or go into a building that had been recently constructed or renovated and provides the university with an independent evaluation review of the major systems to insure that they are working properly before the building is turned over to the university. The university would like to make certain that before the university takes possession that these projects meet the specifications.

The next item addressed in this item was the Disaster Restoration and Emergency Recovery Services Agreement. The university currently has one (1) of these agreements in place with Cotton. This agreement is for national disasters or need for remediation, fire, etc. The university requested approval for up to three (3) vendors at $10 million each. Each contract would have a maximum term of five (5) years, with three (3) years initial term plus two (2) 1-year renewal options.

The last contract presented in this item was for a Facilities Make-Ready Services contract. This is a new contract. At the present time, Mr. Oliver’s staff is responsibility for the make-ready or the turning of rooms (shampooing carpets, painting walls or mill work on bathrooms or kitchen doors, etc.). It is actually getting the facilities ready for the next occupant(s). During the summer, Mr. Oliver’s staff will perform approximately 7,000 of these turns which overwhelms his staff and prevents them from being able to pay as much attention to other needs within the campus. This would provide Mr. Oliver the opportunity to be able to leverage his resources more effectively and utilize this outsource resource to accompany these. This would be a three (3) year contract with two (2) 1-year renewal options.

On motion of Regent McElvy, seconded by Regent Taaffe, and by unanimous vote of the members in attendance, the request to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding $1 million for projects at the University of Houston System was approved.

Regent Armour moved to Item E, the Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding $1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System, and asked Mr. Bartlett to present this item.

Mr. Bartlett stated there were three (3) contracts for the Board’s consideration that would be addressed in this item. The first contract was with Collegiate Enterprise Solutions, LLC
which provides for executive staffing services for UH-Victoria. This contract was for a one (1) year extension until August 31, 2018 for a total to exceed $1 million.

The second contract was for a one (1) year extension for Shuttle Bus Service for students, faculty and staff at the University of Houston with Groome Transportation. This contract has been in place for five (5) years and the university was requesting approval to exercise their one (1) year extension option to allow enough time to rebid the service. There was no price increase but the total contract would be for $14.5 million or $2.5 million a year.

The third contract was for an extension of a lease for the KUHT (“HPM”) Transmitter Tower lease. This lease has been in effect since 2006 and it had recently converted to a month-to-month lease. The delay in seeking an extension of the transmitter tower lease before now was due to the FCC Spectrum Auction, which started last year. This auction froze all communications regarding transmitter and tower leases so as not to interfere with the auction. The extension of the lease until May 31, 2018 would effectively allow HPM enough time for a new, long-term tower lease contract to be negotiated. The tower is located in Missouri City, Texas. If they are able to negotiate a long-term contract prior to May 31, 2018, then the current contract extension would expire.

On motion of Regent McElvy, seconded by Regent Taaffe, and by unanimous vote of the members in attendance, the request to delegate authority to the Chancellor to negotiate and execute contracts exceeding $1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System was approved.

Regent Armour moved to the next item for the committee’s consideration, Item F, the Approval is requested to delegate authority to the Chancellor to negotiate and execute the University of Houston master food service contract and to approve associated fees – University of Houston System, and asked Mr. Bartlett to introduce this item.

Mr. Bartlett reiterated that food service has been on the minds of the university and the students as it relates to food quality and food service. A national food service consultant was hired to assist the university with the process of evaluating our existing program and going out into the market to competitively bid for the food service contract. Going back 10 years ago, relative to the number of students the university had on campus relative to where we are today, the university is now considered a large, national account; and for many reasons, it was the appropriate time to go out into the market and rebid the services. As a result of this procurement, competitive bidding process, Administration recommended the award of the contract to Chartwells which is part of the Compass Group. This would be for a five (5) year initial term, with five (5) one (1) year renewals, for a maximum of 10 years. Mr. Bartlett introduced Dr. Emily Messa, Associate Vice Chancellor for Administration, who presented the committee with a presentation summarizing the contract and the process.

Dr. Messa stated that in February 2017, the university had gone out into the market to rebid this contract. Previous to this date, the university had worked with the consultant; and Dr. Messa described the procurement process and the student and committee involvement. A brief summary was outlined such noted below:
1. Site visits were conducted of well-regarded food service programs with the Food Service Advisory Committee (FSAC) representatives;
2. Program priorities were discussed with UH Student Government Association ("SGA");
3. All UHS university and UH Sugar Land representatives and UH/UHD students on evaluation committee were included; and
4. A UH Town Hall was hosted to discuss processes, describe new meal plans, and answer questions with students.
5. There was a competitive Request for Proposal ("RFP") process completed;
6. The use of a Food Service Consultant to draft RFP and evaluate financials;
7. A two-day tour with interested vendors at all UHS universities had been conducted; and
8. Included on the committee were representatives from Student Affairs and Student Housing and Residential Life;
9. UH FSAC was updated at each stage in the process; and
10. It had been a unanimous decision from the Evaluation Committee to select Chartwells as the new provider.

Dr. Messa introduced several executives from Chartwells who were in attendance at the meeting:
- Darryl Lomax, Chief Financial Officer;
- Nadeem Zafar, Regional Vice President;
- David Riddle, new Resident District Manager supporting all UHS institutions; and
- Jennifer Byrdsong

Dr. Messa stated that the following enhancements would be made System-wide:

**Program Enhancements**
1. A measurable and auditable contract with monetary penalties for failure to perform;
2. Internships with multiple colleges at UH (Hilton, Engineering, Honors);
3. Investment in sustainability: campus garden, bike sharing program, zero waste facilities;
4. Investment in students: food donations, meal donations, meal plan scholarships, and food pantry; and
5. Experienced resident district manager to oversee all UHS institutions.

**Financial Enhancements**
1. University of Houston
   - Current Contract – Aramark - $63 million (18-year agreement)
   - Chartwells Education Services (Compass Group) - $95 million (10-yr agreement)
2. University of Houston @ Sugar Land
   - Current Contract – Aramark – Included in UH agreement
   - Chartwells Education Services (Compass Group) - $240,000 (10-yr agreement)
3. University of Houston-Clear Lake
   - Current Contract – Aramark - $495,499.80 (10-year agreement, plus 2-yr extension)
   - Chartwells Education Services (Compass Group) - $1.3 million (10-yr agreement)
4. University of Houston-Downtown
   - Current Contract – Aramark - $1.8 million (10-yr agreement, plus 2-yr extension)
Dr. Messa outlined the University of Houston’s Food Services Operations Enhancements as follows:

**Residential Program Enhancements**
1. Conversion of Moody Towers dining hall to 24/7 student engagement commons and upgrades to Cougar Woods.
2. Einstein’s, Starbucks and Peet’s Coffee Program to be added to student engagement commons facilities.
3. Meal exchange program allowing one meal swipe per day to be used in retail outlets for selections from a pre-determined menu would be available on some plans.
4. Enhanced residential dining facilities to include upgraded technology, including wi-fi and power.
5. Extensive use of technology in all food service locations, enhancing speed of service.

**Overall Program Enhancements**
1. Expanded Chick-Fil-A menus to include breakfast offerings.
2. Proposed partnership with the Hakeem Olajuwon’s Dream34 Café.

**Catering Operations - Overall Program Enhancements**
1. Enhanced and expanded catering menu.
2. Enhanced and expanded catering options to include opportunity for catering from retail outlets.
3. Increased marketing plan for catering, intends to be “caterer of choice.”
4. Creation of strong catering “brand.”

The term “student engagement commons” was described for the committee as noted below:

“A student engagement commons is a facility in which students can come together in a safe setting to socially engage with one another, relax, network, study, collaborate and plug in their devices. The cornerstone of the student engagement commons is the anytime dining component. The anytime dining program allows students to come and go as they please and choose to eat as much or as little as they choose 24/7.”

Each UH System Food Services Operations Enhancements were outlined as follows:

University of Houston @ Sugar Land Food Services Operations:

**Overall Program Enhancements**
University of Houston System

1. “We Proudly Serve Starbucks” and extensive grab-n-go salads, sandwiches, and wraps made at UH @ Sugar Land.
2. Chick-Fil-A expansion to include breakfast.
3. Food truck program expansion.
4. Expansion with the Technology Building to include Subway or other retail.
5. Staffing – Hiring of UH @ Sugar Land General Manager.

University of Houston-Clear Lake Food Services Operations:
Overall Program Enhancements
1. “We Proudly Serve Starbucks”
2. Grill Nation, Chef’s Table, Create Salad Bar, and Mondo Subs Concepts.
3. Introduce Chick-Fil-A concept for Chick-Fil-A food truck.
4. Declining balance meal plans to prepare for residential students.

University of Houston-Downtown Food Services Operations:
Overall Program Enhancements
1. Continue Chick-Fil-A concept with brand updates.
2. Grill Nation, Build Pizza, and Create Salad Bar.
4. Declining balance meal plans to enhance student experience.

University of Houston-Victoria Food Services Operations:
Overall Program Enhancements
1. Smart Market, Subway, Grill Nation, and Sono are proposed concepts for new Student Center and Learning Commons.
2. Introduce Food Truck program.
3. Enhance the dining hall look and social elements to accommodate today’s college students.
4. Enhance residential dining options to include more vegan and vegetarian options.

Dr. Messa also outlined the proposed meal plan rates for the various UHS institutions. She mentioned that there had been much discussion among the various groups regarding the value and quality as well as the price. Below is a breakdown of the various meal plans per institution.

University of Houston: There will be two budget plans offered at the University of Houston.
1. The 24/7 Day Budget Plan which will be open to all classifications; and
2. The Cougar Choice 150 Plan which will be available to sophomores and above.

UH-Clear Lake: UHCL will have Hawks Cash beginning in the Fall. They will have declining meal plans to support the upcoming residential students.

UH-Downtown: UHD will have Gator Cash.

UH-Victoria: UHV has taken a market review of their meal plans and have made some market adjustments based on studies they have done of similar Texas institutions.
Regent Armour thanked Dr. Messa for her presentation as well as the fact that there were a number of representatives from Chartwells at the meeting. Regent Armour requested that if someone from Chartwells would like to step forward to address the committee and give brief remarks it would be welcomed.

Mr. Darryl Lomax, CFO for Chartwells thanked the committee for the opportunity to address the committee. Mr. Lomax commended Dr. Messa and the team on the fabulous process as it was handled very efficiently. He stated they were grateful for the Board’s consideration; and one thing that they had been very impressed with was the balance in terms of value. It was just not about the return but looking after the students and that was something Chartwells was very keen to do.

Regent Mendoza asked about the HUB plan and participation and how would it work at the various System locations? Dr. Messa mentioned that the HUB participation goal for this project would be 26%. Maya Thornton, the UH HUB Director, had been invited to meet with Chartwells in order to make them aware of the many opportunities available, as well as the new HUB reporting system, as Chartwells makes their transition. Regent Mendoza stated she did like this idea but that the other campuses should also include their HUB coordinators in this process because they all have their own small businesses, types of food, etc. and it was important to receive their input as well.

Regent Freed asked Dr. Messa to articulate some of the specific performance objectives that had been built into the contract. Dr. Messa stated that Chartwells’ had proposed a balance scorecard in their proposal. As part of the process, the balance scorecard would be developed over the summer, presented to the FSAC to make certain that the key performance indicators were correct, and then monitored accordingly. Dr. Messa also stated that another important component of the Chartwells contract was that it would be funding a mystery shoppers program; and this would be reported on a monthly basis to the UH FSAC.

Regent Freed also stated that in the materials provided there were estimated prices for FY 2018; but he wanted to know if there were any scheduled increases after FY2018; and if so, what would they be? Dr. Messa stated they had planned to use a blend of the CPI and the ECI. These regional components and labor statistics provide those matrix for our region to determine the price increases; and in particular, with the budget plan in the second year it would increase by 5%.

Lastly, Regent Freed inquired about the trading of swipes at retail locations and the reason they are limited to one a day. Mr. Lomax stated they were trying to balance an economic model. Chartwells is trying to be very careful in protecting the economic quality of the model in terms of food on the plate and the experience for the students. Dr. Messa also added that as they have gone through the economic models, Chartwells has been very good at protecting the food cost because we do not want to see the food cost diminish. One of the concerns, in addition to cost, has been the food quality and that is something we want to be very mindful of stated Dr. Messa, “We provide a quality, consist meal to students, every day, every time!”
Before Regent Armour called for the vote, he asked Regent Freed if he would like to say a few words on this item from a student’s point of view.

Regent Freed stated that he had lived on campus all four (4) years and had worked in housing for the past three (3) years, so he was intimately acquainted with the dining services and the food available on campus. He felt Chartwells was a step in the right direction and it seems like the right company for the university moving forward. He was excited about seeing the reinvention of the food spaces that had been mentioned earlier in the presentation for the summer of 2018. The one comment he wanted to make was that he felt it would probably be necessary at the end of the first implementation of this contract, for the FSAC to sit down with Administration and Chartwells to review some of the challenges of the implementation and in some ways to patch that within the first five (5) years of the contract. He believes there will be some challenges and responses from students about the changing of the Moody dining hall space, about some of the availabilities on campus as we start to transition to this new contract. It is important to keep in mind that students will have feedback over the next year and that those should be implemented over the course of the next five (5) years as we live out the rest of the contract and he felt this was a necessary step for the implementation of this contract.

On motion of Regent McElvy, seconded by Regent Taaffe, and by unanimous vote of the members in attendance, the request to delegate authority to the Chancellor to negotiate and execute the University of Houston System master food service contract and to approve associated rates was approved.

Regent Armour moved to Item G, the Approval is requested to modify a University of Houston System banking resolution governing a bank account maintained for the benefit of the University of Houston-Clear Lake – UH System, and asked Mr. Bartlett to introduce this item.

Mr. Bartlett stated this was a general housekeeping item. This item requested that Michelle Dotter’s name be deleted from the list of authorized persons who may conduct certain banking transactions related to the UH-Clear Lake operating account at Bank of America and add Jean Carr to this list. These changes were the result of personnel changes at UH-Clear Lake.

On motion of Regent Wilson, Jr., seconded by Regent Taaffe, and by unanimous vote of the members in attendance, the request to modify a University of Houston System banking resolution governing a bank account maintained for the benefit of the University of Houston-Clear Lake was approved.

At the conclusion of the approval of this action item, Regent Armour called for a motion to place all action items presented to the committee on the Board of Regents’ Consent Docket Agenda for final Board approval.

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the committee members in attendance, the following five (5) action items were placed on the Board of Regents’ Consent Docket Agenda for final approval at the May 18, 2017, Board of Regents meeting held later in the day as follows:
1. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the construction of the University of Houston-Downtown Science and Technology Building/Central Plant – UH-Downtown;

2. Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding $1 million for projects at the University of Houston System

3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding $1 million for the purchase of goods or services, excluding construction contracts, at the University of Houston System;

4. Approval is requested to delegate authority to the Chancellor to negotiate and execute the University of Houston System master food service contract and to approve associated rates – UH System; and

5. Approval is requested to modify a University of Houston System banking resolution governing a bank account maintained for the benefit of the University of Houston-Clear Lake – UH System;

At 11:48 a.m., Chair of the Committee, Regent Armour announced that pursuant to Subchapter D of Chapter 551 of the Texas Government Code which allows governing boards to meet in closed session, Regent Armour stated the Board would convene in Executive Session.

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Executive Session Report

Chair of the Committee, Regent Armour reconvened the Finance and Administration committee meeting in open session at 12:00 p.m. and stated that the regents had met in Executive Session and discussed legal matters and property issues. No action was taken in Executive Session.

Following the various discussions by the Board, the Board recommendations and approvals were recommended and approved as follows:

1. Approval is requested to delegate authority to the Chancellor to take all actions precedent for the purchase of land adjacent to and for the benefit of the University of Houston by the University of Houston System.

On motion of Regent Taaffe, seconded by Regent McElvy, and by unanimous vote of the members in attendance, this item was approved.

2. Approval is requested to delegate authority to the Chancellor to take all actions precedent for the purchase of land adjacent to and for the benefit of the University of Houston-Victoria by the University of Houston System.
On motion of Regent Taaffe, seconded by Regent McElvy, and by unanimous vote of the members in attendance, this item was approved.

3. Approval is requested to convey two properties owned by the University of Houston System via a Deed without Warranty and Quitclaim Deed – UH System.

On motion of Regent McElvy, seconded by Regent Taaffe, and by unanimous vote of the members in attendance, this item was approved.

At the conclusion of the approval of this action item, Regent Armour called for a motion to place these three (3) additional action items presented to the committee on the Board of Regents’ Consent Docket Agenda for final Board approval.

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the committee members in attendance, the following three (3) additional action items were placed on the Board of Regents’ Consent Docket Agenda for final approval at the May 18, 2017, Board of Regents meeting held later in the day as follows:

1. Approval is requested to delegate authority to the Chancellor to take all actions precedent for the purchase of land adjacent to and for the benefit of the University of Houston by the University of Houston System – UH System;

2. Approval is requested to delegate authority to the Chancellor to take all actions precedent for the purchase of land adjacent to and for the benefit of the University of Houston-Victoria by the University of Houston System – UH System; and

3. Approval is requested to convey two properties owned by the University of Houston System via a Deed without Warranty and Quitclaim Deed – UH System.

There being no further business to come before the committee, the meeting adjourned at 12:02 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
Dona Cornell
Paula Myrick Short
Eloise Dunn Brice
Raman Krishnamoorti
Raymond Bartlett
Emily Messa
Dan Maxwell
Ed Hugetz
Dick Phillips
David Oliver
David Bradley
Jane Ottinger
Macie Kelly
Nader Ibramhim

Finance & Administration Committee
Minutes, May 18, 2017
Others Present (cont’d):

Richard Walker  Ryan Harrison  Mike Glisson
Raymond “Vic” Morgan  Mike Rosen  Neel Mutyala
Juan Sánchez Muñoz  Caesar Moore  Pamelyn Klepol Shefman
William Staples  Esmeralda Valdez  Tomikia LeGrande
Mike Johnson  Shannon Harris  Glen Houston
Elwyn Lee  Wayne Beran  Pam Muscarello
Chris Stanich  Joe Brueggman  Don Price
Neil Hort  Jon Aldrich  Lisa Shumate
Henry David Porter  Jennifer Byrdsong  Nadeem Zafer
Mary Torres  Bryan Brown  Chris Prichard
Jasmine Davis  Mark Yzaguirre  Winnie Zharg
Patricia Oliver  Robert McPherson  Mike Rosen
Phil Booth  Darryl Lomax  Sabrina Hassumani
David Riddle  Debra Carpenter  Nicole Chinpa
Christa Rieck  Ray Paulersen  Shane Smith
Brian Thomas  Brian Lozano  Marquette Hobbs
Brenda Robles  Gerry Mathisen  