

**MINUTES
UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS MEETING**

Wednesday, August 17, 2011 – The members of the Board of Regents of the University of Houston System convened at 12:59 p.m. on Wednesday, August 17, 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

Carroll Robertson Ray, Chairman
Nelda Luce Blair, Vice Chair
Mica Mosbacher, Secretary
Nandita V. Berry, Regent
Tilman J. Fertitta, Regent
Jarvis V. Hollingsworth, Regent
Jacob M. Monty, Regent
Welcome W. Wilson, Sr., Regent
Jim P. Wise, Regent
Tamecia Glover Harris, Student Regent, nonvoting

In accordance with a notice being timely posted with the Secretary of State and there being a quorum in attendance, Chair Ray called the meeting to order.

AGENDA ITEMS

Chair Ray stated for the record that these proceedings were recorded and then introduced the first action item on the agenda, the approval of minutes.

1. Approval of Minutes – Item C:

On motion of Regent Blair, seconded by Regent Wilson and by a unanimous vote of the regents in attendance, the following minutes from the meetings listed below were approved:

- April 12, 2011, Special Called Board of Regents Meeting
- May 18, 2011, Board of Regents Meeting

Once the approval of the minutes was given, Chair Ray announced that three agenda items would be taken out of order.

The first action item to be addressed was Item G - Approval is requested for the University of Houston System FY2012 Plan and Budget – F&A-G which was approved in the Finance and Administration

Committee meeting held earlier in the day, Wednesday, August 17, 2011. It was requested by the committee that this item be pulled from the Consent Docket and presented to the full Board for consideration and final Board approval at the Board of Regents meeting.

Chair Ray requested Dr. Carl Carlucci, Executive Vice Chancellor for Finance and Administration, introduce this item.

Dr. Carlucci presented the Board with a University of Houston System-wide powerpoint presentation outlining the total operating and instructional and support budgets. Dr. Carlucci noted that the discretionary portion of the budget would be addressed and below is a brief overview of his remarks:

- Total University of Houston System budget for FY2011 - \$1,342.9 (Million);
Total University of Houston System budget for FY2012 - \$1,359.9 (Million);
- Total operating budget for FY2011 - \$1,192.8 (Million);
Total operating budget for FY2012 - \$1,192.1 (Million);
- Total instructional and support budget for FY2011 - \$725.4 (Million);
Total instructional and support budget for FY2012 - \$727.1 (Million);
- Total budget increased due to the growth in bonded capital facilities;
- Enrollment grew by approximately 5 percent from 2011 to 2012 so credit hours have increased system-wide by this amount. To reflect the decrease in the appropriation in the instructional budget, a dollars-per-credit-hour measure reflects a 5 percent decrease in spending per credit hour. The university is spending less per credit hour due to reductions in the appropriation and increases in the enrollment generated workload;
- There were 345.5 reductions in force (RIFs) in instruction, teaching faculty preserved and mainly college support staff reduced; and no decrease in student financial aid.
- Investment principles were addressed.
 1. Support enrollment growth and increase financial aid:
 - Expand online and off-campus instructional delivery
 - Increase both need-based aid and scholarships
 2. Reshape the Workforce:
 - Allocate faculty lines to high-demand/high priority programs
 - Increase staff positions in areas that directly serve students
 3. Maintain facilities and infrastructure
 - Provide resources to maintain new facilities and repair/renovate aging facilities
 - Expand and improve IT infrastructure and library resources to support growing enrollment
- FY2012 University of Houston shared services were discussed; the consolidation of these shared services addressed; and additional opportunities under evaluation, such as Human Resources, Safety and Security, Information Technology, Facilities, and Financial.

A lengthy discussion followed. Chair Ray noted that the Finance and Administration Committee had reviewed this item in detail and had approved it for consideration by the full Board for final approval.

Chair Ray called for a motion to approve the item as presented. On a motion from Regent Jim P Wise, seconded by Regent Welcome W. Wilson, Sr., and a unanimous vote of the regents in attendance, the approval for the University of Houston System FY2012 Plan and Budget was approved.

The second item taken out of order was Item I - Election of Board Officers for FY2011-FY2012 – University of Houston System – BOR-I.

Chair Ray stated there were three officer positions to be elected: Chairman, Vice Chairman and Secretary; and each nominated position would be taken separately from the floor.

Chair Ray asked for a nomination(s) for Chairman, UH System Board of Regents. Regent Welcome W. Wilson, Sr. nominated Regent Nelda Luce Blair for Chairman. No other nominations were taken from the floor. Chair Ray asked for a motion to close the nomination and elect officers. Regent Hollingsworth made a motion to close the nominations for Chairman, Regent Welcome W. Wilson, Sr. seconded the motion, and was unanimously approved by the Board. The motion carried and nominations for Chairman were closed.

The sole nominee for the position of Chairman was Regent Nelda Luce Blair. Chair Ray called for the election of Nelda Luce Blair as Chairman by acclamation which was unanimously approved by the Board. The motion carried and Regent Nelda Luce Blair was elected as Chairman of the Board for FY2011-FY2012.

Chair Ray asked for a nomination(s) for Vice Chairman, UH System Board of Regents. Regent Jarvis V. Hollingsworth nominated Regent Mica Mosbacher for Vice Chairman. No other nominations were taken from the floor. Chair Ray asked for a motion to close the nomination and elect officers. Regent Hollingsworth made a motion to close nominations for Vice Chairman, Regent Jim P. Wise seconded the motion, and was unanimously approved by the Board. The motion carried and nominations for Vice Chairman were closed.

The sole nominee for the position of Vice Chairman was Regent Mica Mosbacher. Chair Ray called for the election of Mica Mosbacher as Vice Chairman by acclamation which was unanimously approved by the Board. The motioned carried and Regent Mica Mosbacher was elected as Vice Chairman of the Board for FY2011-FY2012.

Chair Ray asked for a nomination(s) for the position of Secretary, UH System Board of Regents. Regent Jim P. Wise nominated Regent Jarvis V. Hollingsworth for Secretary. No other nominations were taken from the floor. Chair Ray asked for a motion to close the nomination and elect officers. Regent Jim P. Wise made a motion to close nominations for Secretary, Regent Jacob M. Monty seconded the motion, and was unanimously approved by the Board. The motion carried and nominations for Secretary were closed.

The sole nominee for the position of Secretary was Regent Jarvis V. Hollingsworth. Chair Ray called for the election of Jarvis V. Hollingsworth as Secretary by acclamation which was unanimously approved by the board. The motioned carried and Regent Jarvis V. Hollingsworth was elected as Secretary of the Board for FY2011-FY2012.

The slate of officers for FY2011 – FY2012 are as follows:

Chairman – Nelda Luce Blair
Vice Chairman – Mica Mosbacher
Secretary – Jarvis V. Hollingsworth

Chair Ray stated the third item to be taken out of order would be the Chancellor's Report.

Chancellor's Report

Chancellor Renu Khator presented a UH System-wide report to the Board and below is a brief summary of Dr. Khator's remarks:

University of Houston System-wide Achievements:

- Preliminary enrollment figures show a 3.2% increase system-wide from 58,188 on the same date last year to 60,025 this year. Each university's enrollment figures as of August 15, 2011 were:
 - University of Houston - 36,956 (up 3.3%)
 - UH-Clear Lake - 7,588 (up 3.2%)
 - UH-Downtown - 11,495 (up 1.5%)
 - UH-Victoria - 3,986 (up 6.6%)
- Dr. J. Richard Walker, the new Vice Chancellor/Vice President for Student Affairs, University of Houston, will officially be on board in September 2011. The UH System and UH welcome Dr. Walker and look forward to his vision and expertise as we continue our drive for excellence in all areas of student success.
- In July, Hispanic Outlook in Higher Education magazine's annual list of the "Top 100 Colleges for Hispanics" ranked three of UH System universities in various categories listed below:
 - UH, number 15 for conferring bachelor's degrees and number 16 for conferring doctorates to Hispanics students;
 - UH's College of Optometry, number 1 among optometry programs;
 - UH's Gerald D. Hines College of Architecture, number 3 among architecture programs;
 - UH's Jack J. Valenti School of Communications, number 10 among communication programs;
 - UH's Bauer College of Business, number 10 in business programs and number 8 in marketing programs;
 - UHCL, number 61 among those universities awarding master's degrees to Hispanic students;
 - UHD, number 36 among institutions granting bachelor's degrees to Hispanics;
 - UHD, number 7 in business and marketing programs; and
 - UHD, number 8 in multi/interdisciplinary studies.

University of Houston Achievements:

- UH named "one of the best colleges in the nation to work for" by The Chronicle of Higher Education. UH joins 84 other four-year institutions and 26 two-year institutions on the annual list, which recognizes the best practices of elite groups of colleges based on enrollment size.
- Robert McPherson was selected as the new Dean of the College of Education, who was formerly the colleges' Executive Associate Dean. He succeeds Robert Wimpelberg who served as dean for all years.
- After a long and valiant battle against brain cancer, Arthur Warga, loved and respected former dean of the C.T. Bauer College of Business, passed away August 7. His legacy will live on through the students and faculty members whose lives he touched, his research contributions, and the key role he played in elevating Bauer's national status and prestige.
- John Lee, a National Academy of Engineering member noted for his work on oil and gas reserve regulations, is the first tenured faculty member in UH's growing petroleum engineering program, and will hold the Hugh Roy and Lillie Cranz Cullen Distinguished University Chair. He will help

shape the emerging petroleum engineering program, which is slated to become a department, and will start teaching in the next week.

University of Houston-Clear Lake

- UHCL has been recognized by Modern Healthcare as the number one “Top Business Graduate School for Physician Executives.”
- The new UHCL Pearland Campus now boasts an art collection. The Founding Collection of Art at UHCL Pearland Campus was selected and installed earlier this summer after an extensive juried competition. Twenty-seven pieces from 19 artists were chosen to adorn the hallways, lobbies, and offices at the satellite campus.

University of Houston-Downtown

- The College of Public Service’s Urban Education Department received a Guiding Star Award from the Houston Chapter of Parents for Public Schools in the category of Educational Partners and Organizations. This award recognized the UHD partnership with Lone Star College and various school districts in the Houston area to assist teachers’ aides and teachers’ assistant staff members in earning their bachelor’s degrees and becoming certified teachers.
- Adrian Hopkins, a veteran who saw duty in Iraq, became the first student to graduate from UHD’s Insurance and Risk Management Program.
- UHD has established a partnership with Lone Star College-Kingwood’s Atascocita Center so students could obtain a bachelor of business administration in General Business degree.

University of Houston-Victoria

- Philip D. Castille has been confirmed as the new President of UHV. President Castille brings a wealth of administrative experience, academic insight, and personal commitment to the ideals of higher education, which he will apply to our efforts to help UHV fully realize its potential as a destination university.
- A special thanks goes to the search committee, chaired by UH-Clear Lake President William Staples, and gratitude to Don Smith, who served with distinction as President on an interim basis since August 2010.
- UHV was ranked among the top five programs in affordability compared with other regionally accredited universities across the nation by GetEducated.com, known as the “go-to” source for recognizing exceptional online education offerings.

A complete copy of the Chancellor’s Report has been filed in the Board office. This item was for information only and required no Board action.

After the presentation of this item, Chair Ray moved to Section II on the agenda, the Committee Reports.

Committee Reports:

The Academic and Student Success, the Facilities, Construction and Master Planning, and the Endowment Management Committees all met on Tuesday, August 16, 2011. The Audit and Compliance and the Finance and Administration Committees had both met prior to the Board meeting

on Wednesday, August 17, 2011. Chair Ray stated pursuant to Board Bylaw 6.9, all of the action items approved by these committees and recommended for submission on the Consent Docket would be addressed by the Board for final approval after all of the committee reports were presented. It should be noted that after the Board had heard all of the committee reports, any regent may have requested an item be removed from the Consent Docket and individually considered.

Chair Ray announced that the first committee report would be given by the Chair of the Academic and Student Success Committee, Regent Nelda Luce Blair.

Academic and Student Success Committee Report – August 16, 2011

Regent Blair stated the Academic and Student Success Committee met on Tuesday, August 16, 2011 and unanimously approved the following items for submission on the Consent Docket for final Board approval:

1. Approval of Master of Arts in Industrial/Organizational Psychology Degree at the University of Houston-Clear Lake – University of Houston-Clear Lake;
2. Approval of Appointment of President for the University of Houston-Victoria, Dr. Philip D. Castille – University of Houston-Victoria; and
3. Approval of Appointment of Vice Chancellor/Vice President for Student Affairs for the University of Houston System/University of Houston, Dr. J. Richard Walker.

Regent Blair congratulated and acknowledged Dr. Castille and Dr. Walker, who were both present at the meeting, to the University of Houston System family.

The next committee report was addressed by the Chair of the Facilities, Construction and Master Planning Committee, Regent Tilman J. Fertitta.

Facilities, Construction and Master Planning Committee Report– August, 16, 2011

Regent Fertitta stated the Facilities, Construction and Master Planning Committee met on Tuesday, August 16, 2011 and had unanimously approved the following items for submission on the Consent Docket for final Board approval:

1. Approval of site and scope for University of Houston Multi-Modal Garage I – University of Houston; and
2. Approval of Naming Building No. 9A at the Energy Research Park at the University of Houston to be named ConocoPhillips Petroleum Engineering Building-University of Houston.

The next committee report was given by the Chair of the Audit and Compliance Committee, Regent Nandita V. Berry.

Audit and Compliance Committee Report – August 17, 2011

Regent Berry noted that the Audit and Compliance Committee met on Wednesday, August 17, 2011, and the following items were approved by the committee for submission on the Consent Docket for final Board approval at the meeting. The first item listed required Board approval; the remaining two items required committee approval only but were presented to the Board for final approval as well.

1. Approval of UHS Internal Auditing Department Long-Range Internal Audit Plan for Fiscal Years 2012-2014 – University of Houston System;
2. Approval of Audit and Compliance Committee Planner – University of Houston System; and
3. Approval of Audit and Compliance Committee Charter and Checklist – University of Houston System.

The following committee report was given by the Chair of the Finance and Administration Committee, Regent Jim P. Wise.

Finance and Administration Committee Report – August 17, 2011

Regent Jim P. Wise stated that the Finance and Administration Committee met on Wednesday, August 17, 2011, and approved the following items for submission on the Consent Docket for final Board approval at the meeting:

1. Approval is requested for the University of Houston System FY2012 Plan and Budget – University of Houston System. (This item was pulled and taken out of order from the Consent Docket and was addressed at the beginning of the meeting and unanimously approved by the Board.);
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$80 million (increased from the originally \$44.2 million project) for design and construction of the University Center Addition and Renovation at the University of Houston – University of Houston;
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$48.5 million for design and construction of a Sophomore Residence Hall to replace the existing Cougar Place facility at the University of Houston – University of Houston;
4. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$11.5 million for design and construction of the University of Houston-Victoria Sophomore Housing Project – University of Houston-Victoria;
5. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$20 million for design and construction of Multi-Modal Garage I at the University of Houston – University of Houston;

6. Approval of the Twenty-Third Supplemental Resolution, the Preliminary Official Statement and the Notices of Sale authorizing the issuance of Board of Regents of the University of Houston System Consolidated Revenue and Refunding Bonds, Series 2011A and Series 2011B (Taxable) – University of Houston System;
7. Approval to Renew Investment Resolutions for the University of Houston System – University of Houston System;
8. Approval is requested for the University of Houston System FY2012 Holiday Schedule – University of Houston System; and
9. Approval is requested of a Purchase Order with EBSCO Subscription Services, Inc. – University of Houston.

The final committee report was given by the Chair of the Endowment Management Committee, Regent Jarvis V. Hollingsworth.

Endowment Management Committee Report – August 16, 2011

Regent Jarvis V. Hollingsworth noted that the Endowment Management Committee met on Tuesday, August 16, 2011 and there were no items forwarded to the Consent Docket which would require final Board approval today. However, Regent Hollingsworth mentioned that the committee did approve Resolutions in Appreciation for the two outgoing advisory members who each served three, one-year terms on the Endowment Management Committee, former Regent Michael J. Cemo and Mr. J. Christopher “Chris” Jones, who were both invaluable members during their tenure on this committee.

The committee also delegated authority to the Chancellor to hire two investment managers for the UH System Endowment Fund:

1. \$6.0 million with Covalent Capital Partners, a hedge fund manager; and
2. After additional due diligence by Cambridge Associates, conditional approval of \$4.0 million to Denham Commodity Partners Fund VI, LP, a globally focused private equity firm.

At the conclusion of the Committee Reports given, Chair Ray asked if there were any items from these reports requiring further discussion. The regents had no items requesting further review.

Chair Ray then called for a motion to approve the Consent Docket agenda items as presented.

On motion of Regent Jarvis V. Hollingsworth, seconded by Regent Welcome W. Wilson, Sr., and by a unanimous vote of the regents in attendance, all items in the Consent Docket were approved by the Board.

Board of Regents Items:

Chair Ray requested Regent Nelda Luce Blair introduce the first item listed in Section IV., Board of Regents items:

1. Resolution in Appreciation – Carroll Robertson Ray - University of Houston System – BOR-A

Regent Blair presented Chair, Carroll Robertson Ray with the Resolution in Appreciation for her service to the University of Houston System and the Board of Regents. Below is a summary of Regent Blair's remarks:

- Regent Ray was appointed to the University of Houston System Board of Regents on February 5, 2008 by Governor Rick Perry, serving with distinction until the end of her term, August 31, 2011;
- Regent Ray served with great passion and sense of duty that flows from her family's exceptional legacy of service to the Board of Regents, fulfilling a wide variety of Board assignments;
- Regent Ray's tenure culminated with her election as Chair of the Board of Regents, 2010 to 2011;
- During Regent Ray's tenure as Chair, the University of Houston attained the coveted Tier One classification from the Carnegie Foundation for the Advancement of Teaching;
- Regent Ray is a proud alumnus of the University of Houston, where she earned her doctor of jurisprudence degree in 2002;
- Regent Ray applied the knowledge gained at the UH Law Center University of Houston into a successful career as an attorney, most recently in her Of Counsel role with the prestigious firm of Andrews Kurth, LLP; and
- Regent Ray has served civic, philanthropic, and non-profit organizations throughout the community, including Secretary of the Cullen Trust for Performing Arts, Chairman of the Board of Trustees of the Houston Museum of Natural Science – the first woman to hold that post – founding member and President of The Children's Assessment Center, and board member of the Houston Ballet Foundation, among others.

On motion from Regent Nelda Luce Blair, seconded by Regent Jim P. Wise, and a unanimous vote of the regents in attendance, the Resolution in Appreciation – Carroll Robertson Ray was approved.

2. Resolution in Appreciation – Welcome W. Wilson, Sr. – University of Houston System –BOR-B

Chair Ray presented this item to the Board, the Resolution in Appreciation – Welcome W. Wilson, Sr. Below is a summary of Chair Ray's remarks:

- Regent Wilson, Sr. was appointed to the University of Houston System Board of Regents on April 13, 2006 by Governor Rick Perry, serving with distinction until his term ends August 31, 2011;
- Regent Wilson, Sr. diligently, wholeheartedly and with great passion and enthusiasm, fulfilled a wide variety of Board assignments;
- Regent Wilson, Sr. provided the institution with wise leadership and extraordinary vision as Chair of the Board of Regents for three consecutive one-year terms, from 2007 to 2010, during which time he played a key leadership role, in among other initiatives benefiting the institution the passage of Proposition 4 creating the National Research University Fund;
- During the last year of Regent Wilson, Sr.'s tenure the University of Houston attained the coveted Tier One classification from the Carnegie Foundation for the Advancement of Teaching;

University of Houston System

- Regent Wilson, Sr. is a proud alumnus of the University of Houston, where he earned his bachelor of business administration degree in 1949, receiving the C.T. Bauer College of Business “Distinguished Alumnus Award” in 1996, and the University of Houston “Distinguished Alumnus Award” in 1970;
- Regent Wilson, Sr. applied the knowledge gained at the University of Houston into a rewarding career as one of Houston’s most successful real estate developers, including his current chairmanship of GSL Welcome Group, LLC, and his past posts as chairman of two Texas banks and major stockholder of the Houston Astros; and
- Regent Wilson, Sr. served his community and his nation through the decades in a wide variety of posts at the local, state, and national levels, ranging from his appointment as five-state Director of Civil and Defense Mobilization during the Kennedy and Johnson administrations to serving as Special Ambassador to Nicaragua, earning him the Arthur S. Fleming Award as one of Ten Outstanding Young Men in Federal Service, as well as serving on the Board of the Greater Houston Partnership and Chairman of its Higher Education Committee.

On motion of Regent Nelda Luce Blair, seconded by Regent Jim P. Wise, and a unanimous vote of the regents in attendance, the Resolution in Appreciation – Welcome W. Wilson, Sr. was approved.

3. Resolution in Appreciation – Jim P. Wise – University of Houston System – BOR-C

Regent Welcome W. Wilson, Sr. presented this item, the Resolution in Appreciation – Jim P. Wise. Below is a summary of Regent Wilson’s remarks:

- Regent Wise was appointed to the University of Houston System Board of Regents on April 13, 2006 by Governor Rick Perry, serving with distinction until his term ends on August 31, 2011;
- Regent Wise diligently and wholeheartedly fulfilled a wide variety of Board assignments during his tenure;
- Regent Wise served the institution as Vice Chair of the Board of Regents from 2009 to 2010, his term characterized by his personal traits of honesty, integrity, and forthrightness;
- During the last year of his tenure, the University of Houston attained the coveted Tier One classification from the Carnegie Foundation for the Advancement of Teaching;
- Regent Wise is a proud alumnus of the University of Houston, where he earned his bachelor of business administration degree with a major in accounting in 1966;
- Regent Wise serves on the C.T. Bauer College of Business Dean’s Executive Advisory Board, and has been honored by his college with the “Distinguished Alumnus Award” in 2001;
- Regent Wise applied his knowledge gained at the University of Houston into a successful career with the city’s most prestigious equity funds and energy companies; and
- Regent Wise serves his community as a board member in a variety of civic and professional organizations, including being a life member of the Houston Metropolitan Area Advisory Board.

On motion of Regent Welcome W. Wilson, Sr., seconded by Regent Nelda Luce Blair, and a unanimous vote of the regents in attendance, the Resolution in Appreciation – Jim P. Wise was approved.

4. Approval of the Current Board of Regents Planner for FY2012 – University of Houston System – BOR-D

Chair Ray presented this item and stated the Board Planner sets forth items that require action by the Board or reports from management to address the provisions of the statutes, Board bylaws and policies or other requests of the Board and is presented each August for Board approval. The Board office is responsible for assuring the items listed in the Planner are presented to the Board at the appropriate meetings.

On motion of Regent Nelda Luce Blair, seconded by Regent Welcome W. Wilson, Sr, and a unanimous vote of the regents in attendance, the Current Board of Regents Planner for FY2012 – University of Houston System was approved.

5. Proposed Calendar of Dates for the FY2011-FY2012 UH System Board of Regents Committee/ Board Meetings – University of Houston System – BOR-E

Chair Ray stated a tentative mini-Board Retreat would be held in either late September or October but a firm date had not yet been determined. It has also been proposed that the February 15, 2012 committee/board meetings be held at the University of Houston-Clear Lake campus.

On motion of Regent Nelda Luce Blair, seconded by Regent Welcome W. Wilson, Sr, and a unanimous vote of the regents in attendance, the Proposed Calendar of Dates for the FY2011-FY2012 UH System Board of Regents Committee/Board Meetings – University of Houston System was approved.

6. Presentation regarding the Faculty's Perspective on the Seven Breakthrough Solutions – University of Houston – BOR-F

Dr. Monica McHenry, President of the University of Houston Faculty Senate, gave a presentation regarding the faculty's perspective on the seven breakthrough solutions. Below is a summary of Dr. McHenry's remarks:

- Dr. McHenry, on behalf of the faculty, thanked Chair Ray, Regent Wilson and Regent Wise for their tireless efforts on behalf of the university. The faculty appreciated their dedication and they will miss their participation on the Board;
- When considering the proposed seven breakthrough solutions, it's crucial to recognize that the Board of Regents, administration, faculty, and staff are committed to following these three principles:
 - (1) Increasing access of Texas and especially Houston residents to a high-quality undergraduate, graduate, and professional education;
 - (2) Increasing the quality of the undergraduate and graduate experience of UH students, so that they may succeed in their chosen career paths; and
 - (3) Furthering the national, academic reputation of UH among research universities in this country and around the world.
- Because of these unifying principles, Dr. McHenry stated it is important to see that the rigid implementation of the seven solutions may actually detract from the attainment of these goals. In this respect, we are only echoing the concerns already voiced by the UT faculty in 2011 and the Pappas consultants' report commissioned by Chancellor Khator in 2008. Dr. McHenry noted, that in keeping in the Pappas's recommendations, that their discussions and suggestions

be as far as possible data-driven, so that we can accurately assess the situation we are facing, and have our work accurately assessed in turn. The faculty fully endorses the very detailed responses to the seven solutions by UT and UH. Their own concerns revolve around four areas they asked the Board to consider carefully:

- Much of the seven solutions involve accountability initiatives surrounding that are already in place and being amply documented in many ways, as with HB2504. Teaching evaluations and documentation of effective teaching occur every semester, and are used for promotion and tenure and for merit review. The evaluation of teaching is not a simplistic process, nor does it depend solely on student evaluations of teaching. Assessment of teaching for tenure incorporates peer-evaluations of teaching and statements of teaching philosophy. Further, we now have a Center for Teaching Excellence to help faculty improve the quality of their teaching.
- The entire seven solutions framework assumes a strict separation of teaching from research in faculty workload that is impossible in a research institution. Much teaching occurs in a research lab, and in the one-to-one exchanges focusing on senior honors' theses and other student initiated research. When teaching, professors rely on their knowledge of cutting edge research to keep their students on the forefront of advances in their field. The proposed model also ignores the service component of the faculty's workload. In the realm of service to the university, a shared governance model requires faculty input at many levels. Within departments, we oversee academic programs and advise students. Service intersects with research at the level of scholarly publications. We serve on editorial boards and review manuscripts by other scholars in our field to ensure that publications meet rigorous standards. Further, research goes beyond publications. We present our work at national and international conferences to attract high quality students and to further the prestige of the university.
- The seven solutions' overly simplistic approach to teaching and service extends to its omission of the humanities and all other non-funded research from its view of the university's mission. These fields have an enormous impact on the undergraduate education of all students, and help everyone in the university, through their emphasis on reading, writing, and the arts, to understand themselves in relation to both the past and present. As John Roberts, the Dean of the College of Liberal Arts and Social Sciences stated, "Humanities research is designed to provide us with a strong sense of what constitutes the best in humanity: an ability to empathize with diverse others; a passion to serve just causes; a facility to discern the difference between the worthwhile and the ephemeral; a concern with how to ensure social justice in a world of escalating inequalities; and the courage to promote tolerance, compassion, and understanding in the world."
- Our final point about the seven solutions is that improvement of a comprehensive university like UH demands not a top-down, one size fits all solution, but a clear, realistic set of institutional goals and priorities, accurate, well-chosen performance data that reflect those priorities, and sustained attention to the proposed reforms. Faculty groups have been working towards these goals for some time, in their dedication to student success and the enhancement of the undergraduate experience at UH. Achieving these goals requires a concerted and integrated effort between faculty and administration, to which we are all committed.

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

7. Presentation on HUB Expenditures at the University of Houston – University of Houston, Item G – BOR-G

Dr. Libby Barlow, Executive Director of Academic and Institutional Information, along with Christopher Burton, Director of Purchasing, presented the HUB expenditures presentation and were available to answer questions. Below is an overview of Dr. Barlow's presentation:

- Statewide HUB program for minority and women-owned businesses is managed by Office of Comptroller of Public Accounts (CPA);
- State agencies and institutions of higher education report expenditures to CPA;

- CPA produces report of contracts awarded to HUBs;
- University of Houston is ranked 11 of the “Top 25 Agencies by Total Expenditures for FY2010.”
 - Total expenditures - \$192,290,810
 - Total HUB expenditures - \$45,784,977
 - HUB % of expenditures – 23.8%
- Certified HUB Vendor Groups
 - Asian Pacific
 - Black
 - Hispanic
 - Native American
 - Women
- Procurement Category
 - Heavy Construction
 - Building Construction
 - Special Trade
 - Professional Services
 - Other Services
 - Commodity Purchasing
- CPA tracks percent of HUB expenditures awarded to certified HUB groups and below is a comparison of all Texas State Agencies to the University of Houston:
 - Asian Pacific – 8.6% - UH – 6.9%
 - Black – 12.4% - UH – 13.7%
 - Hispanic – 26.0% - UH – 34.7%
 - Native American – 1.3% - UH – 1.7%
 - Women – 51.7% - UH – 42.8%
- CPA set annual procurement goals in 1994 for percent of total expenditures spent within each HUB category which is listed below. It should be noted that new goals will be set for FY2012.
 - Heavy Construction – goal – 11.9%
 - Building Construction – goal – 26.1%
 - Special Trade – goal – 57.2%
 - Professional Services – goal – 20.0%
 - Other Services – goal – 33.0%
 - Commodities Contracts – goal – 12.6%
- UH FY2010 HUB expenditures by category is outlined below:
 - Building Construction - \$20,094,012
 - Special Trade - 8,460,695

University of Houston System

- Professional Services - 429,380
 - Other Services - 4,017,803
 - Commodities Contracts - 12,783,085
 - Total HUB Expenditures \$45,784,977
- UH outperformed state goals in 3 of 5 procurement categories:
 - Building Construction; Professional Services; and Commodity Purchasing
 - Texas Higher Education Accountability System compared FY2000 to FY2010 as noted below:
 - HUB expenditures without construction (millions)
 - FY2000 - \$4.099; FY2010 - \$17.230; % Change – 320.3%
 - HUB expenditures with construction (millions)
 - FY2000 - \$9.141; FY2010 - \$45.785; % Change – 400.9%

A lengthy discussion followed. This item was for information only. A complete copy of Dr. Barlow's powerpoint presentation has been filed in the Board office.

8. Approval is requested of the proposed revisions to BOR policies: 11.01; 21.01; 23.05; 53.01; 53.03; 55.01; 55.02; and 55.05; and changes to BOR bylaws 4.2 – University of Houston System – BOR-H.

Chair Ray introduced this item and stated there were several proposed revisions to BOR policies in the following Sections:

- Section II – Executive: 11:01 – Litigation
- Section III – Academic and Student Success: 21.01 - Planning; 23.05 - Student Travel Policy;
- Section VI – Administration and Finance: 53.01 – Works of Art; 53.03 – Selection and Approval of Professional Services and General Contractors; 55.01 - Contracts; 55.02 - Competitive Bidding; and 55.05 - Write-offs of Uncollectible Accounts.
- Changes to Board bylaws 4.2 – Election of Officers was also proposed.

Chair of the Ad Hoc Board Policy Committee, Regent Jarvis Hollingsworth presented this item to the Board along with Dona Cornell, General Counsel for the University of Houston System. Regent Hollingsworth stated the proposed changes structure the Board a little more and tightened up some governance issues. Regent Hollingsworth recommended the Board approve the suggested changes made by the Ad Hoc Board Policy Committee. There were various questions raised. In particular, Regent Wilson requested that the policy change that had been recommended by the System-wide Art Acquisition Committee be given serious consideration at the soonest possible date. This change would require that UH invest 1% of the total cost of all building construction projects, whose total cost is \$1,000,000 dollars or more, in artwork for the building being renovated. He noted that currently UH does this for new building only. Regent Ray stated that the Policy Subcommittee had chosen not to include this recommended change in the current proposal because of the unintended consequence that it would require the university to purchase artwork when they have to do major maintenance such as replacing air conditioning for large buildings. It was suggested that the General Counsel, Dona Cornell review this proposed change and prepare a modified version of the proposed policy for review at a future meeting. Below is a recap of the changes (in italics) to each of the proposed Sections.

Section I – Executive: Litigation – 11.01-Litigation

Under 11.01 – Litigation - The Board will be promptly and thoroughly informed by the General Counsel with regard to all lawsuits filed against the System or a component University, and any employees or agents for the System or component universities in their official capacities. The General Counsel is responsible for providing the Board with litigation (*including threatened litigation*) status reports at each Board meeting, and for keeping the Board fully informed of the outcome of all litigation.

Section III – Academic and Student Success: 21–Academic Affairs

Under 21.01.1 – Responsibility – The below wording was added to this section.

- ***E. The Board shall approve new degree plans leading to customary degrees offered in American universities, of the first rank, subject to the guidelines and, where necessary, approval of the Texas Higher Education Coordinating Board. The Chancellor shall submit appropriate business plans to support the proposed degree plans. The business plan shall include financial analysis, analysis of student demand and need for the degree in the community.***

Under 23.05 – Student Travel Policy

The Board delegates to the Chancellor the authority to develop, finalize, and implement a student travel policy for the System and its components, in compliance with **Section 51.950** of the Texas Education Code. **The** policy shall address student travel that is undertaken by one or more students presently enrolled in the institution to reach an activity or event located more than 25 miles from the

institution, that is organized and sponsored by the institution, and that is: 1. travel funded by the institution and using vehicles owned or leased by the institution; or 2. travel required by a student organization registered at the institution.

The Chancellor shall ensure that any student travel policy, including any amendments thereto, complies with applicable law, including Section 51.950 of the Education Code. Any student travel policy or amendment thereto is effective upon approval by the Chancellor, **and shall be published as a part of the Student Handbook.**

Section VI – Administration and Finance: 53.01 – Works of Art

Under 53.01.1 Acquisition of Works of Art - This particular section was deferred until further review would be made by all concerned parties.

Under 53.03 – Selection and Approval of Professional Services and General Contractors

53.03.1 - The Board delegates to the Chancellor the authority to select and approve the services of architects, engineers, and general contractors for construction and renovation projects requiring Board approval and to execute appropriate contracts to secure the aforementioned services. The below paragraph was added to this section:

Upon presentation of the proposed projects to the Board, the Executive Vice Chancellor for Administration and Finance shall provide a summary of the project, which shall include a description of the procurement process to be used.

The below paragraph was deleted from this section:

- ***“Two weeks prior to the preparation of a selection list for an architect or engineering firm, the vice chancellor for administration and finance will provide the Board with information about the proposed project. This information will include qualification criteria to be used in evaluating firms for the designated project, a timeline for the selection process and other information as is appropriate in the circumstances. Board members may provide suggestions about firms they believe should be considered. The vice chancellor for administration and finance will provide the chancellor with a recommended firm.”***

Under 55.01 – Contracts

55.01.1 – Board Approval – “B” and “C” were revised and “D” was added to this section.

B. The sale of real property or conveyance of any *interest* in real property; ***expressly excluded are utility easements to serve one or more component universities.***

C. As lessee, all real estate leases, lease renewals and extensions, if the obligation of the lease is equal to or greater than ***\$1,000,000.***

D. ***Oil and gas leases with an expected bonus exceeding \$100,000.***

55.01.2 – Delegation of Authority for Contracts Requiring Board Approval – “C” and “D” were revised as noted below:

C. *General Counsel Review.* All contracts must be reviewed and approved as to form by the Office of the General Counsel before execution. The Office of the General Counsel may approve uniform contracts which, thereafter, may be used without additional review and approval by the Office of General Counsel ***as long as the standard form of agreement has not been altered. Standard form contracts requiring Board or Chancellor approval must be reviewed by the Office of General Counsel.***

D. *Construction Contract Review.* The System Office of Facilities and Planning shall review all plans, specifications and bidding documents for compliance with applicable state laws governing their areas of responsibility prior to being released for bidding. ***The purchasing department of the component University shall review the bidding documents for compliance with University and System policies as well as state law.***

Under 55.01.3 – Delegation of Authority for Contracts not Requiring Board Approval - “C” was revised below.

C. *General Counsel Review.* All contracts must be reviewed and approved as to form by the Office of General Counsel before execution. The Office of General Counsel may approve uniform contracts which, thereafter, may be used without additional review and approval by the Office of General Counsel, ***as long as the standard form of agreement has not been altered.***

Under 55.01.4 – Reporting to the Board – This section was written as follows:

Following the end of each fiscal year, a report shall be submitted to the Board for:

A. All professional service or consulting contracts awarded during the fiscal year where the total compensation from System-wide sources to a single entity is expected to exceed \$250,000, and

B. All construction, equipment, goods and service contracts awarded during the fiscal year (including any amendments) where total compensation from System-wide sources to a single entity is expected to exceed \$1,000,000.

The report shall indicate the procurement method utilized and be subject to the Department of Internal Auditing's review for compliance with the applicable laws and UHS policies. Investment agreements are not included in this reporting requirement.

Under 55.02 – Competitive Bidding – Change in first paragraph noted below.

The purpose of this policy is to achieve efficiency in the expenditure of System funds for goods and services, to prevent favoritism or the appearance of favoritism, to secure the best goods and services at the **best value**, and to stimulate competition.

Under 55.02.2 – Competitive Bidding Required - “C” and “D” in this section was deleted.

Under 55.05 – Write-Offs of Uncollectible Accounts – This section was revised as noted below.

All write-offs of uncollectible accounts on the accounting records of the University of Houston System must be approved by the Board of Regents.

It should be noted that all “***Related Statutes, Policies, or Requirements***” have been added under each policy for added clarification.

A lengthy discussion followed the proposed revisions to the Board policies.

Board Bylaws – 4.2 – Election of Officers was also addressed. The proposed revision to this section is below:

Officers shall be elected at the regular meeting of the board in August. ***Fourteen days prior to this meeting, nominations shall be sent to the General Counsel in writing or by email; however, additional nominations may be made at the August meeting.*** A majority of votes cast by those present shall be required for election.

On motion of Regent Welcome W. Wilson, Sr., and seconded by Regent Jim P. Wise, the approval of the proposed revisions to BOR policies: 11.01; 21.01; 23.05; 53.03; 55.01; 55.02; 55.05 and changes to the Board bylaws 4.2 were approved by the majority of the Board. It should be noted Regent Jacob M. Monty voted “no” on this item.

Chair Ray noted there would not be a Chair’s Report given at the meeting. A 10-minute recess was called by the Chair at 4:00 p.m. The Board reconvened at 4:10 p.m. and the Chair noted the Board would recess for Executive Session.

Executive Session Report

Chair Ray announced that the Board would recess to convene in Executive Session pursuant to Subchapter D of Chapter 551 of the Texas Government Code, which allows governing boards to meet in closed session.

Chair Ray reconvened in Open Session at 5:35 p.m. and the following actions were taken on matters discussed in Executive Session.

University of Houston System

A Litigation Status Report and Legal Briefing were given by General Counsel, Dona Cornell. Property issues were addressed; and the UH Athletic Foundation was discussed.

There was no action taken by the Board from Executive Session.

Information Only

Chair Ray stated one (2) individual had signed up for Open Forum.

1. Mr. Daniel Arp, a graduate from UH-Downtown, who addressed the need for a men's center, men's studies, men's month, and prostate cancer awareness month; and
2. Mr. David Davis Yang, UH-Downtown student, whose topic was Harris County refusing to fully implement the homestead exemption for 100% disabled veterans.

There being no further action to come before the Board the meeting adjourned at 5:35 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
Carl Carlucci
John Antel
Dona Cornell
Rathindra Bose
J. Richard Walker
Elwyn Lee
Philip Castille
William Flores
Don Smith
Bill Staples
Mike Glisson
Don Yakeman
Don Guyton
David Davis Yang
Michelle Moosally
Rick Short
Don Bates

Monica McHenry
Chris Stanich
Dick Phillips
Spencer Yantis
Oscar Gutierrez
Wayne Beran
Willie Munson
Elaine Charlson
Michelle Dotter
Dave Irvin
Keith Kowalka
Dana Rooks
Mike Emery
Don Perry
Dan Wells
Floyd Robinson
Christopher Burton
Karen Clarke

Emily Messa
Tom Ehardt
Libby Barlow
Barbara Stanley
David Ellis
Raymond Bartlett
Ed Hugetz
Liz Fletcher
Stephen Moore
Chris Premjan
Ed Jones
Jon Aldrich
Katherine Peek
Daniel Arp
Dimitri Litinov
Carol Barr
Brian Chapman
Mark Clare

University of Houston System

Johanna Wolff
Carl Stockton
Marquette Hobbs

Mike Dressman
Julian Jimenez
Gerry Mathisen

David Bradley
Philip Aldrich