

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

November 5, 2009

The Chair of the Committee, Jim P. Wise, convened the meeting of the Finance and Administration Committee of the University of Houston System Board of Regents in the Melcher Board Room 100B, Athletics/Alumni Center, University of Houston, 3100 Cullen Blvd, Houston, Texas, at 9:07 a.m. on Thursday, November 5, 2009. The following committee members were present: Jim P. Wise, Chair; Nandita V. Berry; Welcome W. Wilson, Sr., Ex Officio. Regent Ray, Vice Chair, was unable to attend the meeting. Regent Jarvis V. Hollingsworth attended the meeting as a non-member of the committee.

Regent Wise stated four (4) items would be presented to the committee: two require committee approval and two for information only. Regent Wise introduced Dr. Carl Carlucci, Executive Vice Chancellor for Administration and Finance, who addressed the committee and introduced the following action items which were considered by the committee.

Action Items

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts up to \$11 million for the renovation of the Moody Towers Dining Hall – University of Houston.

Dr. Carlucci requested committee approval to delegate authority to the Chancellor to negotiate and execute construction contracts up to \$11 million related to the renovation of the Moody Towers Dining Hall. Dr. Carlucci called on Ms. Emily Messa, Assistant Vice President for University Services, to give a brief summary of this project and how it fits into the plan for developing facilities for support of a larger residential population. Ms. Messa stated this project would renovate a 39-year old dining facility; and the renovation of this approximately 34,000 s.f. area would be critical to support the dining needs of the new freshman residence halls which will be open the fall of 2010. The anticipated meals served this time next year in the new Moody Towers facility would be approximately 2500 meals per day. Currently, on average they are serving around 1500 meals per day. This renovation would upgrade out-dated HVAC, electrical equipment, and renovate the entire kitchen and seating areas. The renovation would also provide the seating capacity necessary to support dining needs of both Moody Towers and the Freshman Housing Phase 1. This is a 13-week renovation project to begin in April 2010. The anticipated completion date will be in August 2010 in time for completion of the Freshman Housing facility. The bidding process is underway and Ms. Messa stated they expect to have very competitive pricing. Initially, this was going to be a tenant build-out through our food service provider, ARAMARK; however, because of the current construction market it was determined that it would be very beneficial to put it out for competitive bid.

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The estimated construction costs using the Coordinating Board (CB) budget breakdown was \$259.00 per s.f.; and to keep this in perspective, Ms. Messa stated that the average construction costs per s.f. according to the CB was \$281.00 per s.f. for dining hall construction. Rent and commissions from the food service program will be used to finance the revenue bonds.

Regent Berry inquired if the figures presented necessitated any change in what students were paying for their meal plans. Dr. Carlucci said that escalation costs had been built into the meal plans and that this was a normal occurrence. Students from both the Student Government Association and the Residence Hall Association meet every year to engage in the process of developing the meal plans and both of these students are on the Food Service Committee.

Regent Berry made a motion to approve this item as presented to the committee. Regent Wilson seconded the motion, and the committee concurred. This item will be placed on the agenda for the November 11, 2009 Board of Regents meeting for final board approval.

2. Purchase Order for Public Broadcasting Service – University of Houston

Dr. Carlucci requested approval to continue KUHT's 100% participation in the Public Broadcasting Service's (PBS) National Program Service, Member Services, Plus Assessment, Copyright Assessment and Station Independence Programs for FY 2010. Dr. Carlucci called on Mr. Hugetz, Associate Vice Chancellor for Planning and Outreach, who gave a summary of the KUHT-TV Programming Purchase Order. Annually, the University of Houston completes this purchase order to purchase the yearly national programming for Channel 8, Houston's public television station. KUHT-TV was the first public television station in America and was one of the founding stations of the Public Broadcasting Service (PBS) in 1969, said Mr. Hugetz. KUHT is licensed by the Federal Communications Commission to the University of Houston to broadcast on analog station KUHT-TV Channel 8 and digital station KUHT-DT Channel 9, both non-commercial, VHF television broadcast stations. The 2010 Public Broadcasting Service fees total \$1,962,052.81 (\$1,399,352 paid by Corporation for Public Broadcasting's Community Service Grant; and the Television Interconnection Grant for \$27,910 with the remainder paid from local funds Dept. H0436).

Regent Berry made a motion to approve this item as presented to the committee. Regent Wilson seconded the motion, and the committee concurred. This item will be placed on the agenda for the November 11, 2009 Board of Regents meeting for final board approval.

The next two items presented to the committee were for information only and required no action.

1. Presentation of the Preliminary Fiscal Year 2009 University of Houston System Annual Financial Report Summary – UH System; and
2. Overview of the American Recovery and Reinvestment Act of 2009 – UH System

Dr. Carlucci stated a preliminary report of the annual financial results and operations for the UH

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System for FY 2009 would be presented by Mr. Tom Ehardt, Interim Associate Vice President for Finance and Mr. David Ellis, Executive Director, Financial Reporting. A powerpoint presentation was presented to the committee for discussion and was based on the summary of the Annual Financial Report (AFR) which was modified to compare it to the budget.

The University of Houston System Combined FY 2009 Preliminary Results of Operations was outlined as follows: Revenues totaled \$1,069.1 million – Expenses totaled \$1,005.4 million.

Below is a breakdown of the income statement for the UH System Combined Analysis of Revenues for FY2006 – FY 2009 (\$ millions):

	2006 Actual	2007 Actual	2008 Actual	2009 Preliminary	2009 Budget
1. State Appropriations	\$ 250.3	\$ 254.1	\$ 283.0	\$ 289.0	\$ 277.3
2. HEAF	35.5	35.5	53.2	53.3	53.2
3. Tuition & Fees	308.5	336.0	365.3	399.0	384.8
4. Other Operating	93.1	100.0	99.0	97.3	128.1
5. Contracts & Grants	137.0	133.0	154.4	187.0	165.4
6. Endowment/Gifts	39.0	45.0	54.4	43.5	37.7
7. Total	<u>\$ 863.4</u>	<u>\$ 903.6</u>	<u>\$1,009.3</u>	<u>\$ 1,069.1</u>	<u>\$ 1,046.5</u>

Below is a breakdown of the University of Houston Combined Analysis of Operating Expenses FY 2006 – FY2009 (\$ million):

	2006 Actual	2007 Actual	2008 Actual	2009 Preliminary	2009 Budget
1. Student Access/Success	\$ 534.5	\$ 559.3	\$ 613.1	\$ 670.5	\$ 639.2
2. Nat'l Competitiveness	75.6	75.0	81.0	87.8	115.4
3. Infrastructure & Admin.	169.0	160.0	173.0	206.1	259.9
4. Community Advancement	34.0	34.6	40.3	41.0	32.0
5. Total	<u>\$ 813.1</u>	<u>\$ 828.9</u>	<u>\$ 907.4</u>	<u>\$ 1,005.4</u>	<u>\$ 1,046.5</u>

This entire powerpoint presentation was discussed in detail by the members of the committee. They also requested that this presentation be brought to the Board for discussion at the Board of

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Regents meeting scheduled for November 11, 2009. A complete copy was filed in the Board office.

The final item for discussion, Overview of the American Recovery and Reinvestment Act of 2009, was for information only. Dr. Carlucci introduced this item which was an overview of funds awarded to date from the American Recovery & Reinvestment Act of 2009 (ARRA) (Federal Stimulus Funds).

Dr. Carlucci stated that the programs support by ARRA funds were: Competitive Research Grants; State Fiscal Stabilization Fund – Government Services Fund; and Student Financial Assistance. As of November 1, 2009, \$16.020 million was awarded in Competitive Research Grants to the UH System; \$15.360 million was awarded in Government Services Fund to the UH System; and \$19.542 million was awarded to date in Student Financial Assistance systemwide. Dr. Carlucci stated that additional funding had been or will be submitted for additional ARRA resources which are as follows: competitive research grants; construction projects; and Build America Bonds interest subsidy. A complete copy of this presentation has been filed in the Board office.

There being no further business to come before the committee, the meeting adjourned at 11:00 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
Groper Campbell
Elwyn Lee
William Flores
Dan Wells
Spencer Moore
Liz Fletcher
Russ Hoskins
Leah Wolfthal
Jon Aldrich
Gerry Mathisen

Jose Rangel
Barbara Stanley
David Ellis
Elaine Charlson
Raymond Bartlett
Craig Ness
Joan Nelson
Don Guyton
Judy Young
Kevin Draper
Ed Jones

Emily Messa
Margie Hattenbach
Tom Ehardt
Oscar Gutierrez
Linda Klemm
Wayne Beran
Mike Glisson
Mike Emery
Ed Hugetz
Sam Dike
Marquette Hobbs