

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

February 17, 2009

The Chair of the Board, Welcome W. Wilson, Sr., convened the meeting of The University of Houston System Board of Regents in the Melcher Board Room 100B, Athletics/Alumni Center, 3100 Cullen Boulevard, University of Houston on Tuesday, February 17, 2009, with the following members present: Lynden B. Rose, Vice Chair, Dennis D. Golden, O.D., Tamara K. Goodwin, Jacob M. Monty, Mica Mosbacher, and Calvin W. Stephens. Regents Nelda Luce Blair, Carroll Robertson Ray, and Jim P. Wise were unable to attend. Noting the presence of a quorum, Chairman Wilson called the meeting to order at 8:39 a.m.

The first action item on the agenda, Item C, Resolution in Remembrance and Appreciation of Wilhelmina Cullen Robertson Smith – UH System was tabled and will be presented at the next regular Board of Regents meeting scheduled on April 21, 2009.

Chairman Wilson introduced Item D, Update from the UH Faculty Senate President on Faculty Senate Initiatives – University of Houston, and turned the meeting over to Dr. Dan Wells, President of the Faculty Senate, who presented this item.

This was Dr. Wells first official address as UH Faculty Senate President. He recognized Dr. Wynne Chin, past President of the UH Faculty Senate, whose mentoring over the last year provided a smooth transition and helped to build on the past successes.

There were several initiatives the Faculty Senate would be working towards over the next year:

- Developing a proposal for the Center for Teaching Excellence;
- Enhancing child care for faculty, staff and students; and
- Several community engagement projects.

The 2009 ACE (Academics, Careers and Engagement) Conference on Student Success sponsored by the University Faculties Executive Council (UFEC) would be held on March 27, 2009 at UH-Downtown. UFEC, composed of the Faculty Senates of all four UH System universities, chose this topic because our strong desire to drive forward one of the primary missions of the UH System – improve student access and success.

Past President of the UH Faculty Senate, Dr. Chin, and current President of the UH-Downtown Faculty Senate, Dr. Michelle Moosally, will be co-chairs of this event. The main focus will be on developing a dialog among the four system universities on how we

can improve the academic achievement and enhance the engagement of our students in order to insure their long-term career success.

The presentations at the conference will be in the form of short talks and panel discussions. Some of the topics will likely include:

- How do we measure student success?
- Strategic Career Preparation in An Age of Economic Uncertainty;
- High-Impact Educational Practices for the First Year of College;
- How Cognitive Self-Schemas Can Thwart Academic Progress for Students with Undeclared Majors;
- Strategies for Engaging Students in the Classroom;
- Start Right. Finish Strong: Bridging the Gap for Community College Students;
- Do Peer-Tutoring Programs Really Work?
- Engaging the Active Learning Process; and
- “From Internships to Experiential Learning: Getting Criminal Justice Students involved in the Criminal Justice System and in the Community.”

Dr. John Antel, UH Provost and UH System Senior Vice Chancellor for Academic Affairs, will present the keynote address and discuss his vision for enhancing student success across all UH System universities. Dr. Wells stated they have had a tremendous response and they anticipate 200-300 students.

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

Below are the various Committee Reports presented to the Board.

FACILITIES, CONSTRUCTION AND MASTER PLANNING COMMITTEE MEETING REPORT

There were two approval items submitted to the Board from the Facilities, Construction and Master Planning Committee meeting held on February 6, 2009:

1. Approval of the Undergraduate Housing Program – University of Houston
2. Moody Towers Renovation – University of Houston

Regent Golden moved final Board approval of these two items. Regent Stephens seconded the motion, which passed unanimously.

There were no new items presented to the Board from the Facilities, Construction and Master Planning Committee at this meeting.

AUDIT AND COMPLIANCE COMMITTEE MEETING REPORT

There was one approval item presented to the Board from the Audit and Compliance Committee meeting held on February 10, 2009.

1. Board of Regents' Internal Audit and Institutional Compliance Policies – UH System

Regent Golden moved final Board approval of this item. Regent Stephens seconded the motion, which passed unanimously.

There were no new items presented to the Board from the Audit and Compliance Committee at this meeting.

ENDOWMENT MANAGEMENT COMMITTEE MEETING REPORT

There was one action item presented to the Board for final approval from the Endowment Management Committee meeting held on February 13, 2009.

1. FY'09 University Advancement Endowment Assessment – UH System

Regent Stephens moved final Board approval of this item. Regent Golden seconded the motion, which passed unanimously.

There was one new item presented to the Board for consideration from the Endowment Management Committee.

Action Item:

1. Appointment of Endowment Investment Managers – UH System

Dr. Carlucci turned the meeting over to Mr. Raymond Bartlett, Treasurer, who presented this item. Mr. Bartlett stated that the Endowment Management Committee had received a report from the UH System's Investment Consultant, Cambridge Associates, which had identified firms for consideration as investment managers for the Endowment Fund. These managers were discussed and their representatives interviewed by the Committee. Approval was requested that Mondrain Investment Partners Limited and Silchester International Investors be submitted as Investment Managers for the UH System Endowment Fund.

Regent Wise moved Board approval of this item as presented. Regent Stephens seconded the motion, which passed unanimously.

ACADEMIC AND STUDENT SUCCESS COMMITTEE

Chairman Wilson stated there were four items to be considered by the Board: three items required Board approval and one for information only.

Action Items:

1. Appointment of Senior Vice Chancellor for Academic Affairs, UH System, Senior Vice President for Academic Affairs and Provost, University of Houston

In accordance with Board Policy 57.10, the UH System and the University of Houston requested approval of personnel action for Dr. John Antel, Senior Vice Chancellor for Academic Affairs, UH System, Senior Vice President for Academic Affairs and Provost, University of Houston, effective February 1, 2009

Regent Stephens moved Board approval of this item as presented. Regent Golden seconded the motion, which passed unanimously.

2. Appointment of Dean, The Honors College, University of Houston

In accordance with Board Policy 57.10, the University of Houston requested the approval of personnel action for Dr. William Monroe, Dean of The Honors College, effective January 30, 2009.

Regent Golden moved Board approval of this item as presented. Regent Monty seconded the motion, which passed unanimously.

3. Appointment of Dean, School of Business Administration – UH Victoria

In accordance with Board Policy 57.10, the UH-Victoria requested approval of personnel action for Dr. Farhang Niroomand, Dean, School of Business, effective July 1, 2009.

Regent Monty moved Board approval of this item as presented. Regent Rose seconded the motion, which passed unanimously.

Dr. Antel introduced the next item for information, Academic Presentation: Cynthia Woods Mitchell Center for the Arts – University of Houston, and turned the meeting over to Dr. Karen Farber, Director of the Cynthia Woods Mitchell Center for the Arts, who provided the Board with an overview of the programs and activities of the Center.

Below is a brief summary of Dr. Farber's remarks.

- The Program – An alliance among five units at the University of Houston

1. School of Art
 2. Creative Writing Program
 3. Moores School of Music
 4. School of Theatre & Dance
 5. Blaffer Gallery, the Art Museum of the University of Houston
- Mission Statement – The Cynthia Woods Mitchell Center for the Arts cultivates interdisciplinary collaboration in the performing, visual, and literary arts. From our base at the University of Houston, we offer public events, residencies, and courses that fuse artistic disciplines, ignite dialogue, and present new ways of experiencing the arts in contemporary life.
 - All Programs involved UH students and the public.

A complete copy of Dr. Farber's presentation was filed in the Board office.

FINANCE AND ADMINISTRATION COMMITTEE

Chairman Wilson stated that due to the lack of a quorum at the scheduled February 10, 2009 Finance and Administration Committee meeting, all items presented today were brought forward to the Board for consideration. There were nine approval items and two information items introduced.

Action Items:

1. Contract to Provide Food Service for the University of Houston System

Dr. Carlucci requested approval for a Delegation of Authority to the Chancellor to negotiate and execute the master food service contract with ARAMARK upon agreement of the General Terms and Conditions. The existing master food contract with ARAMARK expires in August 2010. The UH System is re-negotiating its agreement with ARAMARK, in order to provide funding for the renovation of Moody Towers dining hall. This renovation is necessary to accommodate the increased residential population in the proposed freshman housing village.

Regent Monty moved Board approval of this item as presented. Regent Stephens seconded the motion, which passed unanimously.

2. Contract to Provide Bookstore Services for the UH System

Dr. Carlucci requested approval for a Delegation of Authority to the Chancellor to negotiate and execute the master bookstore contract with Barnes and Noble College Booksellers, Inc. upon agreement of the General Terms and Conditions. The existing contract with Barnes and Noble Booksellers, Inc. expires in

December 2010. The UH System is re-negotiating its agreement in order to provide funding for the construction of the new Calhoun Loft store, the UH Sugar Land store, and the minor renovation of the UH Main and UH-Clear Lake stores. These renovations are necessary to accommodate the increased student population and to enhance student access throughout the UH System.

Regent Golden moved Board approval of this item as presented. Regent Mosbacher seconded the motion, which passed unanimously.

3. Approval of the Undergraduate Housing Budget – University of Houston

Dr. Carlucci requested approval for the budget and construction of Undergraduate Housing (Wheeler Precinct) facility. The proposed facility comprises approximately 1,000 beds and 185,300 ASF/285,000 GSF. The projected budget is \$50,000,000. Dr. Carlucci stated there were two key primary objectives:

- To keep the price within the range that Student Affairs has specified will work for a undergraduate housing project; and
- To keep the debt service ratio at appropriate level for us to issue debt.

This could be challenging because Student Affairs strives to maintain very modest rates in their housing portfolio at \$600-\$650 a month.

Dr. Carlucci stated there were four qualified bidders on this project; and the two items presented before the Board were:

- The right to negotiate the contract; and
- The pro forma financials that underlie the contract.

He then turned the meeting over to Dave Irvin, Associate Vice Chancellor for Plant Operations. Hardin Construction, who had met the pro forma, was recommended as the general contractor for this project. Mr. Irvin presented a powerpoint presentation for this plan which outlined the budget and pro forma.

Twenty firms had submitted RFQs (Request for Qualifications) and by state law only five (5) firms could be selected to submit proposals. Of the five firms that were selected, Mr. Irvin stated one firm had dropped out which left four excellent proposals. The team recommended was \$9,000,000 less than everyone else due to their method of construction. This method was researched at great length and had been used at numerous residential halls across the country. Hardin Construction was recommended as the general contractor. HADP was selected as the proposed design architect team. They are from Atlanta, Georgia and specialize in housing with a lot of expertise in this area. This bid was 20 percent below market.

A few additional remarks from the presentation are listed below.

- Project Schedule
 - (1) Site Grading/Utilities & Tunnel Construction – June 2009
 - (2) Building Construction begins – October 2009

- (3) Construction Complete – June 2010
- (4) Furnishing Installation – July 2010
- (5) Occupancy – August 2010
- Undergraduate Housing Pro Forma

A complete copy of this presentation was filed in the Board office.

Due to the way the description of this item was posted with the Secretary of State, the Board was presented with the approval of the budget only for this project. A Special Called Executive Committee of the Board will be called within the next two week to discuss the delegation of the authority to the chancellor to negotiate the contract for the undergraduate housing project.

Regent Stephens moved Board approval of the undergraduate housing budget as presented. Regent Golden seconded the motion, which passed unanimously.

4. FY 2008 Reductions in Net Capital Assets – UH System

Dr. Carlucci introduced Tom Ehardt, Interim Vice Chancellor/Vice President for Finance, who introduced this item. Mr. Ehardt requested Board approval to write-off obsolete equipment and library book inventories with total residual value of \$301,666 for FY2008 for UH-Clear Lake, UH-Downtown, UH-Victoria, and System Administration. The residual value of \$301,666 pertains to \$33.6 million in original book value less \$33.3 million in accumulated depreciation. For FY2007, the comparable reduction of inventory had residual value of \$429,592 with a book value of \$8.2 million and accumulated depreciation of \$7.7 million.

The university follows state guidelines for the disposal of fixed assets, which includes sales by public auction, trade-in for purchases, transfers to assistance organizations, and for the library, the removal of books and periodicals from circulation.

Regent Golden moved Board approval of this item as presented. Regent Monty seconded the motion, which passed unanimously.

5. Accounts and Notes Receivable Write-offs – UH System

Tom Ehardt requested approval to write-off accounts and notes receivable totaling \$1,069,117 (in 3,220 accounts) for FY2008 for the University of Houston, UH-Clear Lake, UH-Downtown, and UH-Victoria. The comparable FY2007 write-off for all universities was \$928,080 (in 2,860 accounts). By state law, state universities are required to offer installment payments for tuition and fees to students without consideration of credit history or ability to repay.

Regent Golden moved Board approval of this item as presented. Regent Mosbacher seconded the motion, which passed unanimously.

6. Banking Resolution – UH-Downtown

Dr. Carlucci requested approval to amend the banking resolution for the UH-Downtown operating account to expand the list of staff authorized to endorse checks payable to the university. Upon approval, the following staff members were granted authority on this account:

- George W. Anderson, Assistant Vice President, Business Affairs, UHD
- Patricia Jacobson, Director-Student Accounting, Cashiering & Collections, UHD

Regent Stephens moved Board approval of this item as presented. Regent Mosbacher seconded the motion, which passed unanimously.

7. Contract to Provide Natural Gas Service for the University of Houston – University of Houston

Dr. Carlucci requested approval to delegate authority to the Chancellor to negotiate and execute a three (3) year contract with the selected provider upon agreement of the General Terms and Conditions. The existing natural gas supply contract with CenterPoint Energy for the UH Power Plant will expire in March 2009 and through a Request for Proposal (RFP) bidding procedure, the provider offering the most economical and reliable source for natural gas energy will be selected.

If the new contract cannot be negotiated by March 1, 2009, approval was also requested to extend the existing contract to April 1, 2009 to allow additional time to negotiate the best possible three (3) year contract for the UH Power Plant.

Regent Golden moved Board approval of this item as presented. Regent Mosbacher seconded the motion, which passed unanimously.

8. Insurance Renewals for Fiscal Year 2009 – UH System

Dr. Carlucci requested approval to delegate authority to the Chancellor to negotiate and execute contracts for insurance coverage for the university for FY2009 in an amount not to exceed the total premiums of \$5 million. Dr. Carlucci stated most of the UH System's insurance policies renew March 1 or April 30, 2009 and the current annualized insurance expense was approximately \$3.6 million.

Dr. Carlucci gave a brief summary of the property coverage as well as the history of the cost of property insurance for the UH System.

Regent Golden moved Board approval of this item as presented. Regent Stephens seconded the motion, which passed unanimously.

9. Consolidated Revenue Commercial Paper Notes – UH System

Mr. Raymond Bartlett, Treasurer for the UH System, requested approval to increase the UH System's consolidated revenue commercial paper program to a maximum principal amount not to exceed \$125 million outstanding at any time and provide for the issuance of tax-exempt and/or taxable notes. The note proceeds would provide funds for authorized purposes, including interim financing for the purchase and/or construction of system-wide projects. The Master Resolution for the Twentieth Supplemental Resolution (i) repeals the Seventeenth Supplemental Resolution that established the original commercial paper program (ii) appoints the Chair of the Finance and Administration Committee, the Executive Vice Chancellor for Administration and Finance, the Associate Vice Chancellor for Finance, and the Treasurer as Authorized System Representatives for the commercial paper program, and (iii) authorizes the execution of required documentation for the commercial paper program. Preparation of the definitive Offering memorandum would also be subject to such additional changes. Mr. Bartlett requested Board approval of the Twentieth Supplemental Resolution, the Offering Memorandum, and other documentation required to establish the commercial paper program for the UH System's Consolidated Revenue Commercial Paper Notes.

Regent Stephens moved Board approval of this item as presented. Regent Mosbacher seconded the motion, which passed unanimously.

The following two items were presented to the Board for information only and required no action.

1. FY2008 Annual Financial Report – UH System

Mr. David Ellis, Executive Director, Financial Reporting, gave an overview of the FY2008 Annual Financial Report which consisted of the University of Houston System, University of Houston Administration, University of Houston, UH-Clear Lake, UH-Downtown, and UH-Victoria. The full report was made available on the University website at: http://www.uh.edu/finance/pages/Annual_Fin_Reports.htm.

A complete copy of this powerpoint presentation was filed in the Board office.

2. Contract to Provide Electrical Service for the UH System – UH System

Dr. Carlucci introduced this item and stated the contract had been awarded to Sempra Energy Solutions. There had been three finalists and Sempra Energy Solutions was the lowest bidder and had the highest credit rating (AA). Their prices were over \$11 / MWh lower than our current contract with Constellation New Energy. They offered the following prices below:

\$64.17 / MWh for Houston Zone (UH, UHCL, UHD, Cinco Ranch, and Sugar Land)

\$60.10 / MWh for the South Zone (UHV)

Sempra Energy Solutions also made a contractual commitment to utilize 25% HUB subcontractors without any additional costs.

CHANCELLOR'S REPORT

There was no Chancellor's Report given at the meeting.

Pursuant to Subchapter D of Chapter 551 of the Texas Government Code, which allows governing boards to meet in closed session, the Board of Regents went into Executive Session at 11:15 a.m. The Board reconvened the meeting at 11:46 a.m.

EXECUTIVE SESSION REPORT

Chairman Wilson reconvened the Board meeting at 11:46 a.m. and stated a Litigation Status Report was given by General Counsel, Dona Cornell and personnel issues were discussed. There was no Board action taken in Executive Session.

INFORMATION ONLY

Chairman Wilson stated one individual had signed up for Open Forum:

1. Ms. Joanne Laborde, Chair of the University System Staff Executive Council (USSEC)

CHAIR'S REPORT

The following items were briefly discussed by Chairman Wilson during his Chair's Report:

- UH-Clear Lake Downward Expansion
- Stimulus Package
- Meeting with Congressional Delegation to enlist their support

There being no further business to come before the Board, the meeting adjourned at 12:00 noon.

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:

John Antel	Tom Ehardt	Joanne LaMontagne
Carl Carlucci	Emily Messa	Ed Apodaca
Dona Cornell	Dan Wells	Mike Emery
Michael Rierson	Molly Woods	John Walsh
Elwyn Lee	Elaine Charlson	Joanne Laborde
Donald Birx	Dave Irvin	Esmeralda Valdez
Dan Gardner	Raymond Bartlett	Patrick McNeil
Max Castillo	Wynne Chin	Diane Murphy
Tim Hudson	Don Guyton	Carl Stockton
Bill Staples	Richard Bonnin	Mike Glisson
Karen Farber	John Powell	Sandy Colthrop
David Ellis	Allan Philips	Robert Schneller
Craig Ness	Bill Ashley	Michelle Sabino
Sue Davis	Karen Clarke	William Monroe
Oscar Gutierrez	Malcolm Davis	Barry Adams
Alistar McLean	Ed Hugetz	Jim Anderson
Suzanne LaBrecque	David Bell	Jeannie Kever
Marquette Hobbs	Gerry Mathisen	