
AGENDA

UNIVERSITY OF HOUSTON SYSTEM FINANCE AND ADMINISTRATION COMMITTEE MEETING

DATE: Thursday, February 25, 2021

TIME: 1:45 PM

PLACE: Hilton University of Houston Hotel
Conrad Hilton Ballroom, Second Floor
4450 University Drive
Houston, Texas 77204
Link to live broadcast of meeting: <https://uh.edu/bor-live>

Chair: Beth Madison

Vice Chair: Jack B. Moore

Members: Durga D. Agrawal
Alonzo Cantu
John A. McCall, Jr.
Alvaro De La Cruz
Tilman J. Fertitta, Ex Officio

I. **Finance and Administration Committee**

Presenter: Chair Gerald McElvy

A. Call to Order

Presenter: Chair Gerald McElvy

- B. Update Report on the Impact, Planning, and Actions Regarding COVID-19 for the University of Houston System - University of Houston System 4

Action: Information

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- C. 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 - University of Houston System 13

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for

Administration and Finance

- D. 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 - University of Houston System 15

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- E. Approval is requested to write-off Accounts and Notes Receivable for Fiscal year 2020 - University of Houston System 17

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- F. Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policies for Fiscal Year 2021 - University of Houston System 19

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- G. Approval is requested of the Thirtieth Supplemental Resolution to the Master Resolution, the Preliminary Official Statement, and Notices of Sale authorizing the Board of Regents of the University of Houston System Consolidated Revenue Refunding Bonds, Series 2021A and Consolidated Revenue Refunding Bonds, Series 2021B (Taxable) - University of Houston System 23

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

- H. Approval is requested for the University of Houston System FY2022 Holiday Schedule - University of Houston System 24

Action: Approval

Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

II. **Executive Session**

Presenter: Chair Gerald McElvy

- III. 1. Consultation with System Attorney Regarding Legal Matters, and/or Contemplated Litigation or Settlement Offers.

Texas Gov't Code Section 551.071

2. Deliberations regarding the Purchase, Exchange, Sale or Value of Real Property.
Texas Gov't Code Section 551.072

3. Deliberation Regarding a Prospective Gift.
Texas Gov't Code Section 551.073

4. Personnel Matters Relating to appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Chancellor, Presidents, Vice Chancellors, in the Division of Athletics and members of the Board of Regents.

Texas Gov't Code Section 551.074

IV. **Report and Action from Executive Session**

Presenter: Chair Gerald McElvy

V. **Adjourn**

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance & Administration

ITEM: Update Report on the Impact, Planning, and Actions Regarding COVID-19 as well as a Legislative Update for the University of Houston System

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Mr. Raymond Bartlett, Senior Vice Chancellor/Vice President for Administration & Finance, will present to the Committee an update report on the impact, planning and actions regarding COVID-19 and Mr. Jason Smith, Vice Chancellor for Governmental Relations will present a Legislative update for the University of Houston System.

SUPPORTING

DOCUMENTATION: Presentation

FISCAL NOTE: N/A

RECOMMENDATION/
ACTION REQUESTED: Information

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR Raymond S. Bartlett

2/4/2021

DATE



CHANCELLOR Renu Khator

2/22/2021

DATE

COVID-19 Update

UH System Board of Regents
Administration and Finance Committee
February 25, 2021

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Testing and Vaccine Update

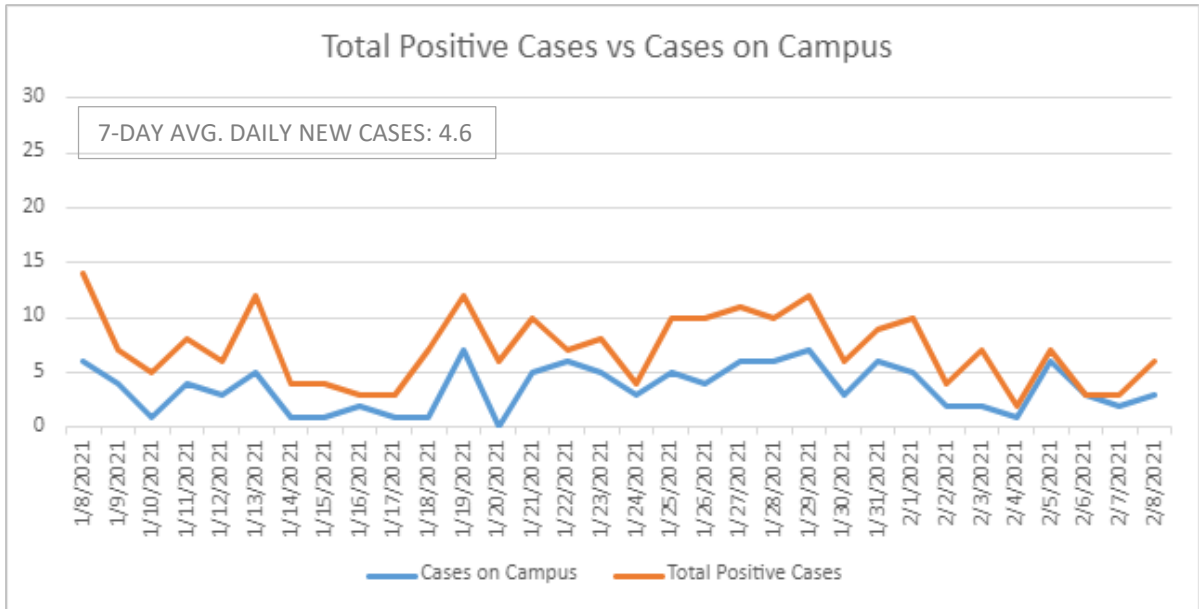
- Testing

- UH Curative Kiosk offers free oral-fluid swab testing to UH students/faculty/staff
- UHV partners with a local laboratory and the Victoria College campus to provide no cost testing to UHV students, faculty, and staff
- Harris County Public Health is a mobile testing site on the UHCL campus

- Vaccinations

- UH students, faculty and staff will be prioritized per State guidelines.
- UH Student Health Center - approved as a provider by the State of Texas
- Lone Star Circle of Care - approved as a provider by the State of Texas
- UHD's Student Health Center vendor has applied to be a vaccine provider
- UHV volunteering at Victoria Health Department vaccination hubs
- UHCL Student Health Services has applied to be a vaccine provider

UH Positive Cases Reported



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Enrollment

- Spring headcount enrollment trend is positive compared to spring 2020.
 - UH +2.1% (43,385)
 - UHD +4.2% (13,983)
 - UHV +6.2% (4,514)
 - UHCL -0.9% (8,749), improved from earlier Spring
- Online instruction continues to be the predominant mode of instruction.

Fiscal Impact – FY 2021

- Current estimated annual loss has improved by \$8M.
 - Housing occupancy is up 5% (\$1.5m)
 - Parking permit sales are up 7% (\$2m)
 - Operating expense containment (\$2m)
 - Improved COVID-19 cost estimates (\$2.5m)
- Current \$100M annual loss offset by \$67M of federal stimulus funds

Financial Plan

- Financial plan underway and includes
 - Consolidation/elimination of operations
 - Payroll reductions
 - Discretionary spending cuts
 - Bond refunding
 - FEMA recovery of COVID-19 related costs
 - Federal stimulus
 - Savings/reserves
- What will impact the loss and the financial plan?
 - Maintaining expenditure control, particularly in auxiliaries
 - State budget
 - Federal stimulus

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State Budget

- Comptroller's general revenue (GR) estimate higher than July projection
- Introduced appropriation bills \$7b above GR estimate
- Formula funding unchanged at the state level
- Generally level funding for UH System universities
- Senate bill reduces downward expansion line items for UHCL and UHV by 25% for agencies (\$2M total for biennium)
- Small changes in formula revenue allocation across universities from enrollment growth and projected space deficit
- College of Medicine proposed appropriation included under HRI formula

Federal Stimulus

- Higher Education Emergency Relief Fund II
 - Provides \$94M to UH System campuses; 63% increase from first stimulus package
 - \$27M for student aid
 - \$67M for institutional support to defray expenses associated with coronavirus
- Third round of stimulus funding

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance and Administration

ITEM: 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.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:


Approval is requested for contracts that are expected to exceed \$1 million that are associated with the purchase of goods or services, excluding construction contracts, at the University of Houston System. Board of Regents policy 55.01.01 states that the board must approve any contract, including any amendment, extension, or renewal thereto, that results in the value of the contract exceeding \$1 million throughout the term of the contract.

SUPPORTING DOCUMENTATION: Summary of Contracts

FISCAL NOTE: See supporting documentation for value of each contract.

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR Raymond S. Bartlett

2/4/2021

DATE



CHANCELLOR Renu Khator

2/22/2021

DATE

University of Houston System
 Summary of Goods and Services Contracts Greater than \$1 Million
 F&A Committee - February 2021

Component	Project	Procurement Method	Vendor	Purpose	Term	\$ Amount	Funding Source	HUB Goal	Comments
UHS	Automatic/Overhead Door and Gate Preventative Maintenance and Repairs	Request for Proposal	TBD	Preventative maintenance, inspections, repairs and certifications for all overhead doors, automatic doors, and gate openers throughout the UH System campuses and locations.	Original Term: 3 years Optional Term: 2 years	Initial Term: \$900,000 Optional Term: \$600,000	Designated	32.90%	
UHS	Annual Campus Enterprise Software Support and Services	DIR Cooperative	Oracle	Oracle PeopleSoft annual technical support and services cost for application functionality, licenses, and updates to HR, Finance, and Student Administration modules.	Original Term: 1 year	1 year: \$2,100,000	Designated State	0.00%	
UH	Oil and Gas Analysis Equipment	Sole Source	CoreLab	Equipment for analysis of gas oil ratio reservoir fluids under high pressure and temperature conditions. Equipment will be used for multiple sponsored projects within the College of Engineering.	Original Term: Single Purchase	Original Term: \$1,125,000	Designated Grant	0.00%	

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance and Administration

ITEM: 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.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY: Approval is requested for contracts that are expected to exceed \$1 million that are associated with construction projects at the University of Houston System as listed in the supporting documentation. Board of Regents policy 55.01.01 states that the board must approve any contract, including any amendment, extension, or renewal thereto, that results in the value of the contract exceeding \$1 million throughout the term of the contract.

SUPPORTING DOCUMENTATION: Summary of Construction Contracts

FISCAL NOTE: See supporting documentation for value of each contract.

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR Raymond S. Bartlett 2/4/2021
DATE



CHANCELLOR Renu Khator 2/22/2021
DATE

University of Houston System
 Summary of Construction Contracts Greater than \$1 Million
 F&A Committee December 2020

Component	Project	Procurement	Vendor	Purpose	Amount	Funding	HUB	Comments
UH	Wortham Theater Roof & Building Envelope Repairs	CMAR	TBD	Construction contract. Construction contract for the selected roof replacement and building envelope repairs due to Hurricane Harvey on the Wortham Theater located at the University of Houston.	\$ 2,000,000	State	21.10%	
UH	MD Anderson Library Roof & Building Envelope Repairs	CSP	TBD	Construction contract. Construction contract for selected roof replacement and building envelope repairs due to Hurricane Harvey on the MD Anderson Library located at the University of Houston.	\$ 2,500,000	State	21.10%	

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance & Administration

ITEM: Approval is requested to write-off Accounts and Notes Receivable for Fiscal Year 2020

DATE PREVIOUSLY SUBMITTED: Fiscal Year Write-Off Submitted Annually

SUMMARY:

Approval is requested to write-off Accounts and Notes Receivable totaling \$7,106,113 for Fiscal Year 2020 for the University of Houston, University of Houston-Clear Lake, University of Houston-Downtown, and University of Houston-Victoria, which is approximately 0.63% of the \$1B in revenue that generated the receivables. State Universities are required by law to extend credit to students without consideration of credit history or ability to repay.

	FY 2020	% of Related Revenue	Fed Reserve CC Default Rate	NACUBO Institutional Loan Rate	DOE Student Loan Default Rate
University of Houston	\$5,361,647	0.60%			
University of Houston - Clear Lake	407,206	0.47%			
University of Houston - Downtown	964,996	0.86%			
University of Houston - Victoria	372,264	0.88%			
	\$7,106,113	0.63%	2.00%	3.4%	9.7%


SUPPORTING

DOCUMENTATION: Schedule of Accounts and Notes Receivable Write-Offs for FY2020. Detailed schedules are on file in the UH Division of Finance Offices.


FISCAL NOTE: \$7,106,113

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item.

COMPONENT: University of Houston System



 SENIOR VICE CHANCELLOR Raymond S. Bartlett DATE 2/4/2021



 CHANCELLOR Renu Khator DATE 2/22/2021

UNIVERSITY OF HOUSTON SYSTEM
SCHEDULE OF ACCOUNTS AND LOANS RECEIVABLE WRITE OFF

-----Delinquent Accounts and Notes Receivable Written Off in 2020-----					
Total Delinquent					
Accounts from 2018					
Proposed Write-Off:	and earlier	UH	UHCL	UHD	UHV
Federal					
Loans	-	-	-	-	-
Grants & Contracts	-	-	-	-	-
Non-Federal					
Tuition & Fees	7,055,448	5,353,739	371,220	958,225	372,264
Sales & Services	50,665	7,907	35,986	6,772	-
Grants & Contracts	-	-	-	-	-
Court Ordered Restitution	-	-	-	-	-
Total Write Off	7,106,113	5,361,647	407,206	964,996	372,264
<u>Tuition/Fee Write Off Statistics</u>					
<u>FY 2020</u>					
Tuition/Fee Write Off as a Percent of Revenue	0.58%	0.60%	0.30%	0.64%	0.72%
Tuition/Fee Revenue	818,439,664	590,901,028	82,651,535	109,449,126	35,437,975
Write Off As a Percent of Related Revenue	0.63%	0.60%	0.47%	0.86%	0.88%
Tuition, Fee, Auxiliary, and Research Revenue	1,129,081,343	888,187,968	85,872,384	112,511,135	42,509,855
<u>FY 2019</u>					
Tuition/Fee Write Off as a Percent of Revenue	0.67%	0.69%	0.39%	0.79%	0.59%
Tuition/Fee Revenue	773,867,889	564,538,571	77,259,220	100,714,164	31,355,934
Write Off As a Percent of Related Revenue	0.79%	0.70%	0.59%	1.08%	0.91%
Tuition, Fee, Auxiliary, and Research Revenue	1,055,193,214	842,638,729	77,259,220	100,714,164	34,581,102

All UHS components, accounts and notes receivables, other than federal loan programs, are written off if more than two years past due and collection efforts remain unsuccessful. The write-off is an accounting entry to report receivables at a realistic asset value. These charges remain on student accounts, and all students are reported to the State of Texas via the TINS Warrant Hold system.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance & Administration

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policies for Fiscal Year 2021

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Approval is requested to delegate authority to the Chancellor to negotiate and execute insurance policy renewals for Fiscal Year 2021. The State Office of Risk Management (SORM) facilitates the Property, Directors & Officers / Employment Practices / Educators Legal Liability, Builder's Risk, Fine Arts, and Automobile insurance programs. Other insurance policies to protect the University of Houston System are administered by the UH Risk Management department. Most of the UHS insurance policies renew March 1, 2021, and others renew over periods ranging through August 31, 2022. The FY2020 annualized insurance expense was \$6.96M.

Not all policy quotations have been received, thus the exact insurance premiums are unknown at this time. Therefore, we are seeking a Delegation of Authority to the Chancellor to negotiate insurance coverage terms and purchase insurance policies in an amount not to exceed \$8.17M for FY21.


SUPPORTING

DOCUMENTATION: Insurance Renewal Status Report

FISCAL NOTE: Estimated annual premiums not to exceed \$8.17 million

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item.

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR Raymond S. Bartlett 2/4/2021
DATE



CHANCELLOR Renu Khator 2/22/2021
DATE

University of Houston System Insurance Renewal Status Report FY21 – FY22

Marketing Projections

Placing the University of Houston's insurance policies has been an ongoing challenge. The majority of insurance policies expect some form of premium increase, either due to rate increases or increase in risk. Additionally, we anticipate that our property policy will suffer from another increase in premium. Property coverage increases are as a result of the market continuing to correct itself from previous soft conditions, our insurance schedule of property increasing due to new construction, as well as the insurance carriers sustaining extensive claim losses worldwide.

Renewal Process

The UH Risk Management department facilitates the purchase of almost all insurance policies for the system. This process includes gathering data from multiple sources across the University community, analyzing insurance needs and market trends, and submitting pertinent information in order to obtain quotes. Most lines of insurance that Risk Management purchases are placed through a dedicated broker, Arthur J. Gallagher. There are a few lines of coverage procured through the State Office of Risk Management, as they are state sponsored programs and UH is currently legislatively required to do so. UHS has staggered renewal dates, with most policies renewing March 1, 2021.

Current and Projected Insurance Premiums

The University of Houston System's insurance program for Fiscal Year 2020 consisted of 21 policies with an aggregate annual cost of approximately \$6,961,180. We are looking at an approximate 20% increase for FY21.

The projected request for Board approval will be **\$8.17 Million** due to anticipated Property program increases and rate increases due to the insurance market conditions.

Items for Consideration:

- The University has sustained approximately a 7% increase in property values due to new construction and renovations
- Insurance markets are still projecting rate increases due to worldwide natural disasters
- The largest exposure to premium increase is associated with the property insurance for the System
 - The proposed premium increase for renewal on 4/30/2021 is coming in at approximately 20% over the current policy cost
- The new College of Medicine will have insurance cost ramifications for this renewal, as well as future renewals
 - This will be most apparent on our medical professional policy, but property and builder's risk will see increases as a result as well

Premium Summary

Premium by Policy Type

Policy	Annual Expense FY19	Annual Expense FY20	Estimated Annual Expense FY21	Policy Period
Property including Equipment Breakdown& Terrorism, Buy Down	\$4,729,794	\$5,636,861	\$6,700,000	April 30 - April 30
Directors & Officers / Employment Practices Liability	\$181,032	\$181,092	\$199,169	Sept. 1 - Sept. 1
Medical Malpractice	\$58,377	\$145,000	\$185,000	March 1 - March 1
Automobile	\$182,881		\$234,564	Sept. 1 - Sept. 1
Builder’s Risk – University of Houston Master Program	0	\$577,146.00	\$577,146	May 1 – May 1
All Others Policies and Broker Fees	\$220,742	\$256,046	\$272,326	Varies
Total	\$4,507,097	\$6,961,180	\$8,168,206	

Premium by Component University

Component	Annual Expense FY19	Annual Expense FY20	Estimated Annual Expense FY21
UH Main	\$4,497,730	\$5,335,102	\$6,193,924
UH Downtown	\$445,452	\$651,618	\$781,941
UH Clear Lake	\$542,943	\$649,524	\$779,428
UH Victoria	\$157,399	\$229,904	\$298,875
UH System	\$86,233	\$95,032	\$114,038
Total	\$5,729,757	\$6,961,180	\$8,168,206

Insurance Policies Not Purchased by Risk Management

In addition to the insurance policies referenced above, Risk Management assists other departments and University organizations with the acquisition of specific insurance coverages.

These insurance policies do not currently fall under Risk Management’s purview to purchase, and are not included in the delegation of authority for this agenda item. They are provided below for informational purposes.

Department/Policy	Premium FY19	Premium FY20	Estimated Annual Premium FY21
College of Business Foundation: Commercial Crime, Primary & Excess Directors & Officers/Employment Practices	\$5,400	\$5,400	\$5,400
Center for Student Involvement: Frontier Fiesta Special Event General Liability	\$13,248	\$0	\$0
Cougar Investment Fund, LLC: Errors and Omissions Policy	\$17,252	\$17,252	\$17,252
Special Event Liability – Bed Races	\$485	\$776	\$776
College of Optometry: Products Liability	\$5,525	\$0	\$0
Athletics: NCAA Medical Accident Stop Loss Policy & Claim Administrative Fee	\$547,500	\$547,500	\$565,000
Total	\$589,410	\$590,953	\$588,428

Informational Items

Workers’ Compensation/Risk Management Services Assessment

The State Office of Risk Management assesses annual fees to each component campus for administering the university’s workers’ compensation self-insurance program and for providing risk management services such as the administration of enterprise-level insurance purchases for various state agencies. These expenses are not included in the delegation authority for this agenda item as participation in this program is mandated by state law and an interagency agreement has already been executed for FY20 – FY21.

Component	WC/SORM Final Assessment FY19	WC/SORM Final Assessment FY20	WC/SORM Initial Assessment FY21
UH	\$930,424	\$1,113,022	\$1,179,937
UH – Downtown	\$86,686	\$111,189	\$138,468
UH – Clear Lake	\$147,474	\$182,175	\$161,075
UH Victoria	\$45,894	\$57,808	\$56,221
UH System	\$6,642	\$8,006	\$7,650
Total	\$1,217,120	\$1,472,200	\$1,543,351

Student Health Insurance

The Student Health Insurance Advisory Committee negotiates the procurement of student health insurance. The coverage is optional for domestic students yet mandatory for international students. The total estimated premium for the 2021-2022 is projected to be approximately \$14.9 million. The student health insurance program is not included in the delegation of authority for this agenda item as the premium costs are borne by the individual students that purchase the coverage. This item is provided for informational purposes.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance & Administration

ITEM: Approval is requested of the Thirtieth Supplemental Resolution to the Master Resolution, the Preliminary Official Statement, and Notices of Sale authorizing the Board of Regents of the University of Houston System Consolidated Revenue Refunding Bonds, Series 2021A and Consolidated Revenue Refunding Bonds, Series 2021B (Taxable).

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

The bonds will be sold by competitive sale for refunding purposes. The refunding bonds under consideration include various maturities of three series of bonds. We are refunding bonds with an average coupon of 4.17% with the 2021AB bonds at a preliminary rate of 2.92%.



SUPPORTING

DOCUMENTATION: 1. Thirtieth Supplemental Resolution to the Master Resolution, POS, and NOS's on file in the Board office

FISCAL NOTE: Bonds in aggregate principal amount (not including premium, if any) not to exceed \$57 million. The pro forma net present value savings from the refunding is estimated at \$8.3 million or 14.9%

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item.

COMPONENT: University of Houston System

		<u>2/4/2021</u>
SENIOR VICE CHANCELLOR	Raymond S. Bartlett	DATE
		<u>2/22/2021</u>
CHANCELLOR	Renu Khator	DATE

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance & Administration

ITEM: Approval is requested for the University of Houston System FY2022 Holiday Schedule.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Approval is requested for the University of Houston System FY2022 Holiday Schedule. For FY2022, general academic institutions may schedule 12 holidays per the State of Texas. The attached schedule details the University of Houston System FY2022 Holidays.

SUPPORTING

DOCUMENTATION: FY2022 Holiday Schedule

FISCAL NOTE: None

RECOMMENDATION/
ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR

Raymond S. Bartlett

2/4/2021

DATE



CHANCELLOR

Renu Khator

2/22/2021

DATE

University of Houston System Holiday Schedule Fiscal Year 2022 (Proposed)

Labor Day	Monday, 9/6/2021	1
Thanksgiving	Thursday & Friday, 11/25 – 11/26/2021	2
Winter Holiday	Friday, 12/24/2021 – Friday, 12/31/2021	6
Martin Luther King Day	Monday, 1/17/2022	1
Memorial Day	Monday, 5/30/2022	1
Independence Day	Monday, 7/4/2022	1
TOTAL:		12