University of Houston System  
Chief Financial Officer Meeting  
October 1, 2008  
11 a.m. – 1 p.m.  
UH – Clear Lake

Meeting Minutes

Carl Carlucci
Michelle Dotter

David Bradley  
Wayne Beran

Plant Operations

1) Hurricane Ike impact
   a) Damage by Campus
      
      **UH Main** – Grover Campbell is looking for a ballpark estimate of damages. Currently, there is $30M documented. This figure includes: business continuity, landscaping, loss of roofs. It also includes some salaries and O/T costs. The Main Campus is using special leave codes for staff. Final damage estimated to be around $40M. Note: Campus remained closed for 2 days

      **UHCL** – Current assessed damages are $750K. This includes student refunds, late tuition and extended emergency leave. Final damage figure will most likely be between $1 – 1.5M once entire property has been examined for fallen trees and landscaping. Note: Campus remained closed for 7 days

      **UHD** – Roof failure on new building and damage inside estimated at $600-700K. Salaries were not included as of yet, however total estimated at about $1M.

* **UHV** – Loss incurred includes closing of campus for 2.5 days  
* **Cinco Ranch** – Mainly tree damage  
* **Sugarland** – Rain damage to roof, $47K damage to building, $9K for agriculture, 3 month lease loss of $287K with utilities of $52K and $180K for loss time for faculty and staff.

   * **These 3 campuses have current estimated damages of $1.1M combined total.**

b) Delay in Sugarland Opening

c) Insurance and FEMA
Sugarland  - $100K insurance deductible
UHD - $800K insurance deductible
d) Dr. Carlucci suggested having one standard presentation from all the campuses for insurance and FEMA purposes. The total in damages for all campuses is estimated to be around $45M.

The hurricane scenarios that were put forth never contemplated that the campus would be fine to reopen while the community was not. The other areas with some issues during the hurricane were communication breakdown and not enough subscription to PIER.

To resolve the breakdown in communications, it was suggested that we can possibly target different groups with different output. Such as for students, use text messaging. Also was suggested to bulk load all students into the PIER system during the registration process.

It was also suggested to use a horizontal PIER system for key people across the different campuses.

Although the investiture was cancelled, UH went forward providing community service in its stead and fed the campus, staff and community. Also provided was daycare, warm meals and showers.

2) Electric Utility Costs- FY08, FY09 to date, projected costs:
   Dave was able to lock in a rate of $0.07 which is 6% less than before.

Finance
Mid-cycle HEAF true-up:
   HEAF true-up will get recalculated in 2011. Approximately $262.5M will be reallocated. It was recommended to include Nursing, Pharmacy and Optometry as a part of Health Sciences. Suggestions were made for a budget kickoff and to put together some scenarios.

FY2010 Budget Development
   It was recommended to include Nursing, Pharmacy and Optometry as a part of Health Sciences. Suggestions were made for a budget kickoff and to put together some scenarios.

Treasury
1) Update on Higher One:
   System-wide contract providing flexibility to each university to either use an integrated identification and refund card or a stand alone refund card. Goals of RFP: streamline student refund process, increase customer service, reduce overall costs of disbursing student refunds and to reduce the risk of fraud associated with refunds via check. The criteria for selection are: demonstrated experience performing the requested services for higher education clients; proposed customer service support, total cost to the university
and its students and quality of the proposed products and services. The initial term will be 3 years with two 1-year renewals.

2) ATMs on Campuses:
System-wide contracts for the installation and operation of full service ATMs for the convenience of faculty, students and staff. The goal is to have a bank of ATMs in UH (UC, Calhoun Lofts and McElhinney); at UHD (TBD); at UHCL (TBD) and UHV (University Center). There will be a 5 year term with two 1-year renewals.

3) Direct deposit and Pay card
All employees currently receiving checks will be encouraged to either sign up for direct deposit or use the Pay card which can be used as a debit card at any POS location. We will try to incorporate instant registration at new employee orientation. We are tentatively estimating that any remaining employees not on direct deposit by January 31, 2009 will be paid via cash pay card. Treasury will be meeting with HR and Payroll to establish an implementation plan and more definitive timelines. The cost of the Pay card includes a monthly maintenance fee of $1.50 with one free BOA ATM withdrawal per week. There is a schedule of fees that will be available for employees who use the Pay card.

Will be modifying existing processes for off-cycle checks to convert to EFT for direct deposit employees which will be effective October 2008. The cost to just produce the check advices for Main Campus is $80K which needs to be eliminated.

Student workers will also be given Pay cards. The Pay cards will be implemented in February 2009.

4) Fiscal impact of additional debt financing:
Key ratios used to account for recent and proposed bond financings. The UHS outstanding revenue bonds are currently rated as: Moody’s “Aa3” Stable Outlook and S&P “AA-” Stable Outlook. At FYE August 31, 2007, UHS recorded $306.2M of long term debt outstanding.

Three bond issues have been or are planned as follows:

During FY2008, UHS issued the $175.03M Series 2008 Revenue bonds and the proceeds were used to fund: Calhoun Lofts, East Parking Garage, MacGregor Park and other new construction projects;

The $141.7M Series 2008A Revenue Bonds are anticipated to be issued in December 2008 with proceeds designated for Lab Renovations (Science Buildings), Robertson Stadium, Bayou Oaks Refunding, East Parking Garage, the Arbor Building and refunding of the Series 1999 bonds;

A $150M issue is proposed for 2009 with proceeds anticipated to be used for: Freshman housing, College of Business building, Optometry building and the University Business Park.
**UH-Clear Lake Items**

UHS Direct Student Lending

It was recommended that all campuses apply to become direct lenders as many students are having problems receiving loans.

Impact on Lost Revenues on numbers for LAR October submittal

**UH-Downtown Items**

**UH-Victoria Items**

**Others Present:**
- Tom Ehardt
- Raymond Bartlett
- David Irvin
- Craig Ness
- Emily Messa
- Alpa Vaghani

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Next Meeting: 11:00 a.m., Wednesday
November 05, 2008
UH – 226 E Cullen Bldg