

UNIVERSITY OF HOUSTON SYSTEM



F&A Committee
August 17, 2011



FY2011

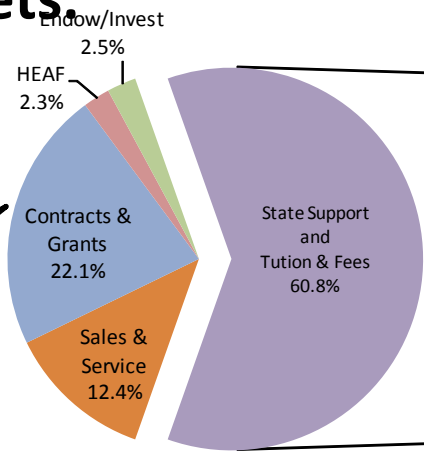
1. Total Operating > Inst. Budgets.

Total Budget

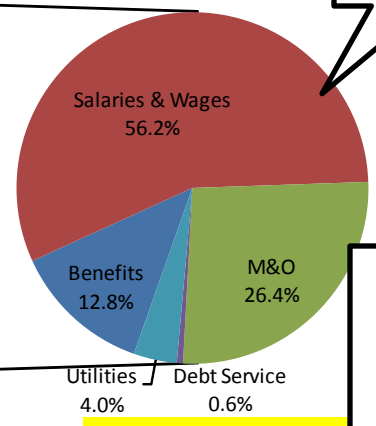
\$ Millions

Operating Budget	\$ 1,192.8
Capital Facilities	150.1
Total	\$ 1,342.9

Operating Budget
\$ 1,192.8 Million



Instructional & Support
\$ 725.4 Million



4. The discretionary portion of the budget.

2. The total went up because of increased construction spending (bonded) and because UHV got increase from Legis.

3. Restricted funds portion of budget-Res, FFA, Aux
Very little change

6. This reflects increased enrollment without an equivalent increase in revenue.

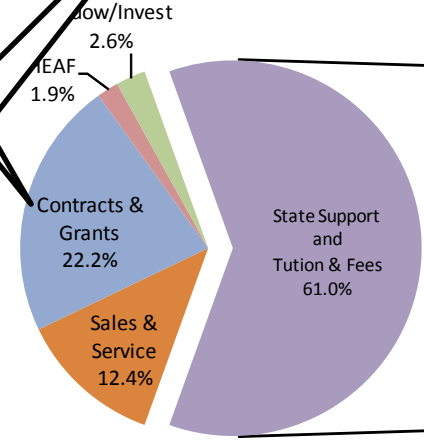
FY2012

Total Budget

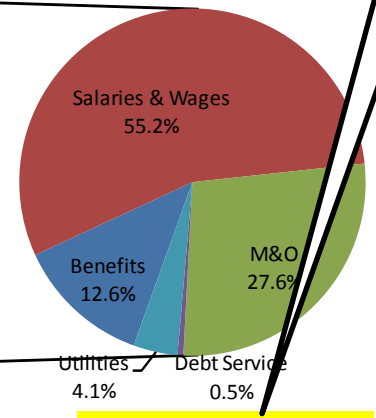
\$ Millions

Operating Budget	\$ 1,192.1
Capital Facilities	167.8
Total	\$ 1,359.9

Operating Budget
\$ 1,192.1 Million



Instructional & Support
\$ 727.1 Million



5. Enrollment growth, from 1.42m SCH to 1.49 SCH, a 5.1% increase, without a equivalent increase in revenue.

\$839/Credit Hour

\$510/Credit Hour

\$798/Credit Hour

\$486/Credit Hour



Instructional and Support Budget (\$ million) ³ Change from FY 2011 to FY 2012 (A – D)

1. Focus is the discretionary portion of the budget

2. Format is same as used in June 3 presentation to the BOR.

	A FY2011 Budget	B Reductions Targets	C Increases	D FY2012 Budget	Percent Change FY11 to FY12
Revenue					
Appropriations	\$ 266.5	\$ (46.2)	\$ 2.1	\$ 222.4	-16.5%
Tuition, Fees, Other Revenue	458.9	-	45.8	504.7	10.0%
Total Revenue	725.4	(46.2)	47.9	727.1	0.2%
Expenditures					
Instruction & Operations					
Salaries					
Ten/Ten Trk Faculty	187.3	(1.6)	5.0	190.7	1.8%
Other Faculty	64.9	(1.5)	3.1	66.5	2.5%
Subtotal, Faculty	252.2	(3.1)	8.1	257.2	2.0%
Professional Staff	152.7	(13.0)	4.9	144.6	-5.3%
Support Staff	38.7	(3.9)	1.6	36.4	-6.0%
Subtotal, Staff	191.4	(17.0)	6.5	181.0	-5.5%
Subtotal	443.7	(20.1)	14.6	438.2	-1.2%
Student Financial Aid					
TA/GA/RA	14.9	-	0.9	15.8	6.1%
Financial Aid	41.0	-	9.0	50.0	22.0%
Subtotal	55.8	-	9.9	65.7	17.7%
Operations					
Events	0.9	(0.1)	-	0.8	-11.1%
Travel and Business	8.2	(1.0)	-	7.2	-11.6%
M&O Support	98.0	(12.1)	8.5	94.5	-3.6%
Reserve for Endowment Loss	8.2	(4.5)	-	3.7	-54.9%
Equipment Purch & Repl	6.4	(0.5)	0.1	6.0	-6.3%
Subtotal	121.8	(18.1)	8.6	112.2	-7.8%
Support Organizations					
Safety and Police	7.7	(0.0)	0.1	7.8	0.7%
University Advancement	10.0	(0.9)	0.1	9.2	-8.1%
Information Technology	28.9	(1.7)	1.5	28.7	-0.5%
Subtotal	46.6	(2.6)	1.7	45.7	-1.9%
Facilities					
Maintenance	24.3	(1.8)	8.9	31.4	29.0%
Utilities	29.1	(0.1)	0.8	29.8	2.4%
Debt Service	4.1	-	-	4.1	0.0%
Subtotal	57.5	(2.0)	9.7	65.2	13.5%
Total Expenditures	\$ 725.4	\$ (42.8)	\$ 44.5	\$ 727.1	0.2%



Reductions to Instructional & Support Budget (\$ million)

	<u>FY 2011 Budget</u>	<u>Reductions</u>	<u>FY 2012 Preliminary</u>	<u>Reductions FTE</u>
Expenditures				RIFs
Instruction & Operations				
Salaries				
Ten/Ten Trk Faculty	\$ 187.3	\$ (1.6)	\$ 185.7	(19.10)
Other Faculty	64.9	(1.5)	63.4	(38.50)
Subtotal, Faculty	252.2	(3.1)	249.1	(57.60)
Professional Staff	152.7	(13.0)	139.7	(147.00)
Support Staff	38.7	(3.9)	34.8	(79.20)
Subtotal, Staff	191.4	(17.0)	174.5	(226.20)
Subtotal Salaries	443.7	(20.1)	423.6	(283.80)
Student Financial Aid	55.8	-	55.8	0
Operations	121.8	(18.1)	103.7	0
Support Organizations	46.6	(2.6)	44.0	(44.90)
Facilities	57.5	(2.0)	55.5	(16.80)
Total Expenditures	\$ 725.4	\$ (42.8)	\$ 682.6	(345.50)

Reduction Principles

1. Protect Instruction and Student Financial Aid
2. Reshape the Workforce:
 - No replacement of faculty positions in low demand programs
 - Consolidate and eliminate staff in support operations (e.g., business services and IT)
3. Reduce Operations Costs:
 - Reduce non-essential operations (e.g., travel, events, communications allowances)
 - Centralize core services (e.g., business services and IT)
 - Leverage system- and university-wide contracts (e.g., purchasing contracts)
4. No Salary Increases

2. Although 82% of RIFs in instruction, teaching faculty preserved and mainly college support staff reduced.

3. System shared services are now \$27m

1. This is the impact of the reductions in terms of positions eliminated



Increases to Instructional & Support Budget (\$ millions)

	<u>FY 2012 Preliminary</u>	<u>Increases</u>	<u>FY 2012 Budget</u>	<u>Increases FTE</u>
Expenditures				
Instruction & Operations				
Salaries				
Ten/Ten Trk Faculty	\$ 185.7	\$ 5.0	\$ 190.7	29.00
Other Faculty	63.4	3.1	66.5	49.00
Subtotal, Faculty	<u>249.1</u>	<u>8.1</u>	<u>257.2</u>	<u>78.00</u>
Professional Staff	139.7	4.9	144.6	45.85
Support Staff	34.8	1.6	36.4	18.90
Subtotal, Staff	<u>174.5</u>	<u>6.5</u>	<u>181.0</u>	<u>64.75</u>
Subtotal Salaries	<u>423.6</u>	<u>14.6</u>	<u>438.2</u>	<u>142.75</u>
Student Financial Aid	55.8	9.9	65.7	-
Operations	103.7	8.6	112.2	-
Support Organizations	44.0	1.7	45.7	4.00
Facilities	55.5	9.7	65.2	-
Total Expenditures	<u>\$ 682.6</u>	<u>\$ 44.5</u>	<u>\$ 727.1</u>	<u>146.75</u>

Investment Principles

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 (e.g., counselors, advisers, recruiters)
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



**UNIVERSITY OF HOUSTON SYSTEM
FY2012 Shared Services**

Shared Services	Portion of Budget that is Shared	Cost Allocation of Shared Services	
<i>Regents Office</i>	\$ 237,000	University of Houston	79.7%
<i>Chancellor Office</i>	1,743,000	UH-Clear Lake	8.6%
<i>Legal Affairs/General Counsel</i>	1,697,000	UH-Downtown	7.0%
<i>Governmental Relations</i>	825,000	UH-Victoria	4.7%
<i>Auditing</i>	947,000	Total	100.0%
<i>System Advancement</i>	1,657,000		
<i>Academic Affairs</i>			
VC Office, International Education	953,000		
Student System Support	2,171,000		
Subtotal Academic Affairs	3,124,000		
<i>Student Affairs</i>	219,000		
<i>Research Division</i>	716,000		
<i>Administration and Finance</i>			
Vice Chancellor Office	375,000		
Office of the Treasurer	562,000		
Budget Administration	429,000		
Financial Accounting, A/P & Reporting	1,487,000		
HR and Financial System Support	697,000		
Tax Compliance	205,000		
Plant Operations	778,000		
Subtotal Administration and Finance	4,533,000		
<i>Information Technology</i>	8,642,000		
<i>Administrative Office Rent, Postal</i>	3,347,000		
Total Services	\$ 27,687,000		



**UNIVERSITY OF HOUSTON SYSTEM
Shared Services - Additional Opportunities Under Evaluation**

Human Resources

			<u>UH</u>	<u>UHCL</u>	<u>UHD</u>	<u>UHV</u>
1	Enhance Technology/Records Management	Finalize the Hershey system for ePersonnel files and for records storage.	Yes	Yes	n/a	Yes
2	Enhance Technology/Payroll	Implement electronic bi-weekly time and labor; implement eLeave; funding is needed for implementation, to include cost for bio-metric equipment.	Yes	Yes	Yes	Yes
3	Payroll	Centralize payroll processing to enhance efficiencies system-wide. This consolidation is subject to the implementation of bi-weekly time and labor and eLeave.	Yes	Yes	Yes	Yes
4	Employment	Negotiate a system-wide PeopleAdmin software contract to secure a lower rate. Centralize employment advertisements.	Yes	Yes	Yes	Yes
5	Training	Implement standard system wide training programs to include leadership training, mandatory training, supervisory training, harassment prevention training, etc.	Yes	Yes	Yes	Yes
6	Benefits	Standardize benefits processing to include retirement, reconciliation, leave processing, ORP/TDA processing, etc.	Yes	Yes	Yes	Yes
7	Affirmative Action	Centralize investigations of EEO and discrimination complaints under AVP/AVC for Equal Opportunity Services. Components still responsible for policy enforcement, advice, monitoring, etc.	Yes	Yes	Yes	Yes
8	Immigration	Centralize immigration application processing for employment eligibility.	Yes	Yes	Yes	Yes
9	Policies	Centralize development of all personnel-related polices.	Yes	Yes	Yes	Yes

Safety and Security

			<u>UH</u>	<u>UHCL</u>	<u>UHD</u>	<u>UHV</u>
1	Training	Standardize Texas Commission on Law Enforcement Officer Standards and Education (TCLEOSE) mandated training and the classroom portion of Field Training with the "campus specific in field" portion handled by each department.	Yes	Yes	Yes	Yes
2	Quality of Services (Best Practices)	Adopt Texas Police Chiefs Association (TPCA) standards with UHCL Chief as point.	Yes	Yes	Yes	N/A
3	Officer Commissioning	Continue to handle at the department level.	Yes	Yes	Yes	N/A



**UNIVERSITY OF HOUSTON SYSTEM
Shared Services - Additional Opportunities Under Evaluation**

Safety and Security (continued)

			<u>UH</u>	<u>UHCL</u>	<u>UHD</u>	<u>UHV</u>
4	Dispatch, Recording and Reporting	All three departments are on the Harris County Radio System. Computer Aided Dispatch (CAD) and Records Management Systems will need to be standardized across campuses. Centralize dispatch & records functions of the UH/UHCL/UHD Police Departments and relocate these functions to UHD. There may be a renovation cost associated with this. UH will retain a 24/7 public lobby.	Yes	Yes	Yes	N/A
5	Background checks	Security Sensitive background checks can all be run through the centralized dispatch center.	Yes	Yes	Yes	Yes
6	Equipment purchasing	Standardize purchase & replacement of equipment with life span (vehicles, vests, computers, etc.) to maximize cost savings.	Yes	Yes	Yes	Yes
7	Security Services	UH will provide security services to other UHS (UHSSL & UHSCR) campuses and Texas Medical Center campus. UH will provide estimates for providing security services for the UHCL Texas Medical Center campus. Possibly joint funding to create a 40 hour position.	Yes	Yes	Yes	Yes

Other Areas Under Consideration for Possible Shared Services

Information Technology

- Blackboard Learning Management System - Sharing
- Data Backups - Share Resources
- Emergency Communications - Consolidate Resources
- Training, Network Services, Technical Support, Email - Further sharing of Resources

Facilities

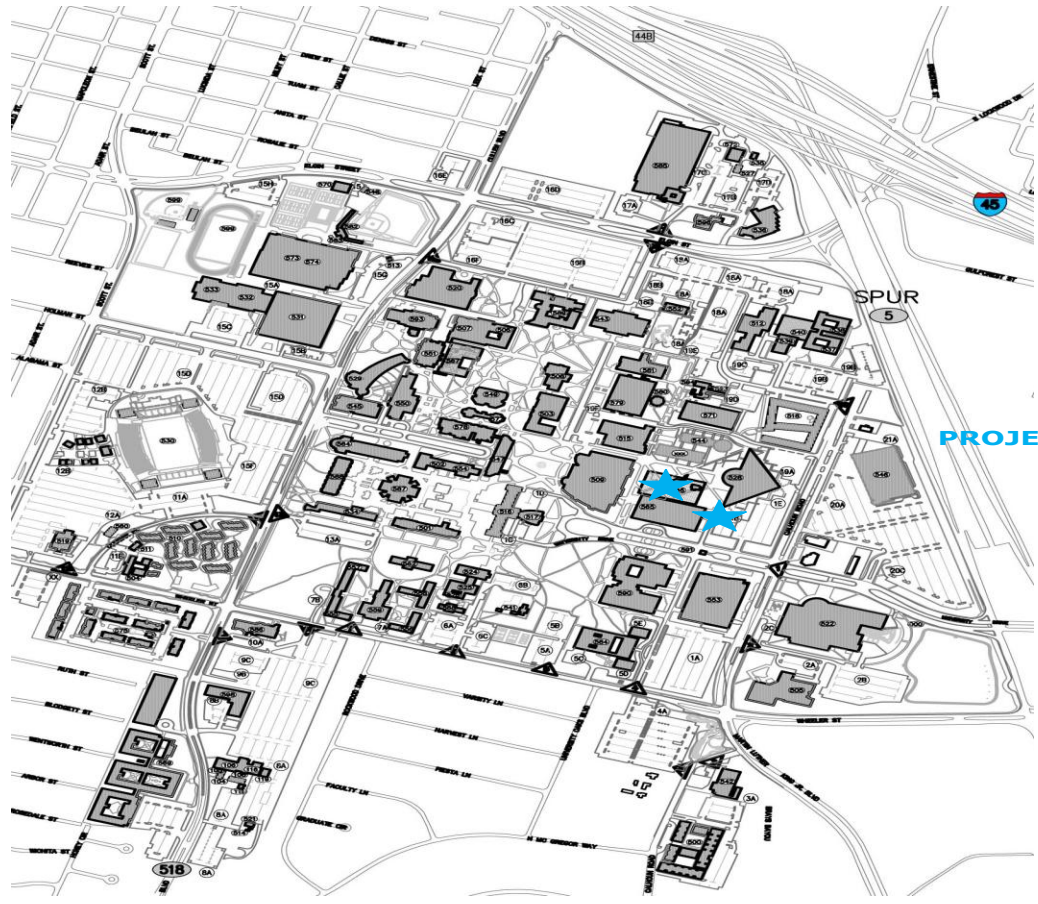
- Service Contracts, Risk Management/Safety, Fire Marshal, Inventory Software - Share resources

Financial

- PeopleSoft Finance Security, Web Purchasing Tool, PO Terms & Condition - Consolidate/Share



- September 24, 2008 – SGA votes to authorize the UC 2010 student referendum to be conducted
- September 30, 2009 – SGA votes to certify the results of the UC Referendum, authorizing the UC Fee to be raised by \$25 to \$60, effective Fall 2010
- January 27, 2010 – SGA votes to approve phase one of a modified fee increase schedule, amending their previous approval to allow the UC Fee to be raised by \$50 to \$85, effective Fall 2010
- May 2, 2011 – SGA votes to approve phase two of the UC Fee increase, raising it by \$50 additional dollars to \$135, effective Fall 2012



PROJECT SITES

PROJECT LOCATION



UC Transformation Budget

Construction Cost	\$61,428,000
Professional Services Fees	\$6,892,000
Project Management Fee	\$2,330,000
Public Art	\$234,000
Contingencies	\$5,535,000
Administrative Costs	\$3,581,000
TOTAL PROJECT COST	\$80,000,000

Proposed Project Schedule

Design starts	September 2011
Construction starts	May 2012
Initial Occupancy of New Additions	August 2013
Substantial Completion	August 2015

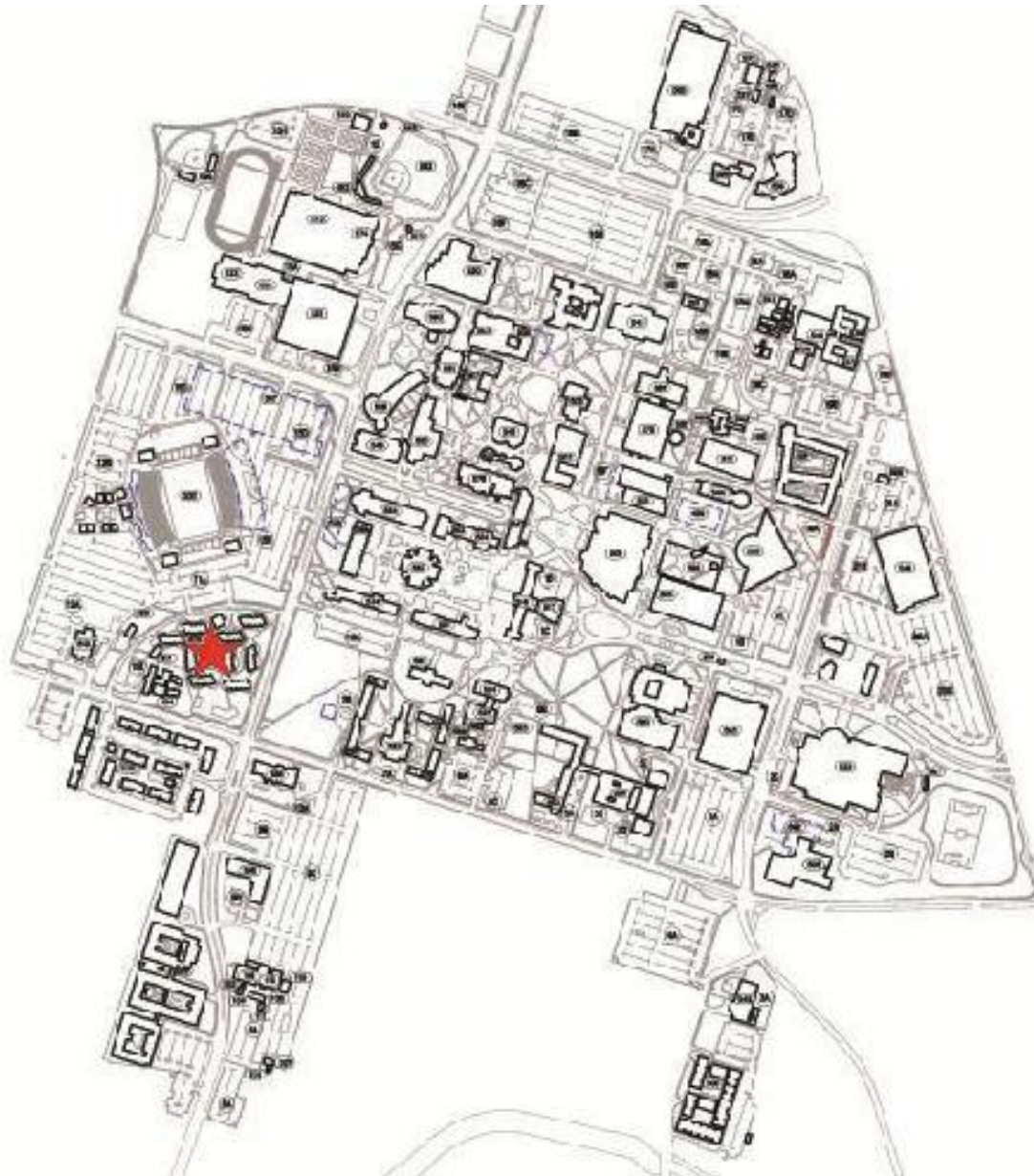
Funding Sources

Auxiliary Revenues (Bonds) supported by Student University Center Fee and Food Service Commission - **\$80,000,000**



University of Houston
University Center Addition and Renovation Project
Financial Pro Forma

	Revenue				Expenses								Coverage		
	Phase 1 UC Fee	Food Service Contribution	Total Phase I Revenue (A+B)	Phase 2 UC Fee	Total Revenue (C+D)	Less Reserve for Design, etc.	Less Reserve for Def. Maint.	Net Cash Flow Available for Debt Service (E+F+G)	Phase 1 Debt Service	Phase 2 Debt Service	Total Debt Service (I+J)	Net Cash Flow After Debt Service (H-K)	Debt Coverage Ratio (H/K)	Cumulative Available Cash Surplus	
FY2011	\$ 3,896,050	\$ -	\$ 3,896,050	\$ -	\$ 3,896,050	\$ (3,896,050)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	
FY2012	3,896,050	420,056	4,316,106	-	4,316,106	\$ (1,530,700)	-	2,785,406	(1,083,003)	(930,840)	(2,013,844)	771,562	1.38	771,562	
FY2013	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	2,716,015	
FY2014	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	4,660,469	
FY2015	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	6,604,922	
FY2016	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	8,549,375	
FY2017	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	10,493,828	
FY2018	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	12,438,281	
FY2019	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	14,382,734	
FY2020	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	16,327,187	
FY2021	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	18,271,640	
FY2022	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	20,216,093	
FY2023	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	22,160,546	
FY2024	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	24,104,999	
FY2025	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	26,049,452	
FY2026	3,896,050	420,056	4,316,106	3,896,050	8,212,156	-	(736,000)	7,476,156	(2,974,835)	(2,556,868)	(5,531,703)	1,944,453	1.35	27,993,905	
FY2027	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	29,518,302	
FY2028	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	31,042,700	
FY2029	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	32,567,097	
FY2030	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	34,091,494	
FY2031	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	35,615,891	
FY2032	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	37,140,288	
FY2033	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	38,664,685	
FY2034	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	40,189,082	
FY2035	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	41,713,479	
FY2036	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	43,237,876	
FY2037	3,896,050	-	3,896,050	3,896,050	7,792,100	-	(736,000)	7,056,100	(2,974,835)	(2,556,868)	(5,531,703)	1,524,397	1.28	44,762,273	
Total	\$ 105,193,350	\$ 6,300,840	\$ 111,494,190	\$ 97,401,250	\$ 208,895,440	\$ (5,426,750)	\$ (18,400,000)	\$ 185,068,690	\$ (75,453,886)	\$ (64,852,531)	\$ (140,306,417)	\$ 44,762,273			







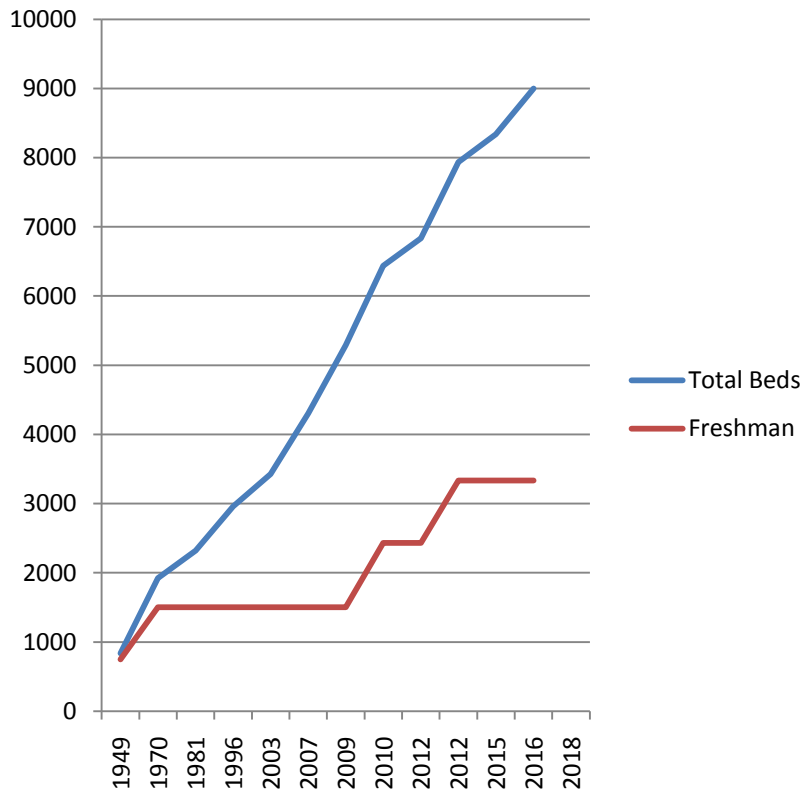


University of Houston Residential Facilities Profile

University of Houston Residential Facilities Profile												
Current Buildings	Type	Year Built	Base Beds (a)	Beds Available for Rent	Project Cost	UHS Debt Service per Year	100% Occupancy Income	FY2011 Occupancy	Projected Improvement	Projected Occupancy FY2012	Projected FY2012	
Calhoun Lofts	Apartments, Grad and Prof students, faculty, staff and others	2009	984	952	\$106,300,000	\$ 7,275,313	\$ 7,387,515	86.6%	10%	95.2%	\$ 7,036,534	
Cougar Village	Undergrads, freshman and Honors	2010	1,145	1,101	53,900,000	3,622,900	5,653,125	88.9%	10%	97.8%	5,528,813	
Moody Towers - North	Undergrads, freshman	1970	539	517	6,123,182	359,116	2,191,059	84.0%	10%	92.4%	2,023,574	
Moody Towers - South	Undergrads, freshman	1970	546	523	6,123,182	359,116	2,248,911	84.0%	10%	92.4%	2,077,004	
Quad Bates Hall	Undergrads	1949	214	209	1,202,293	103,880	964,566	77.3%	23%	95.0%	916,744	
Quad Law Hall	Undergrads	1949	181	175	1,265,533	87,862	810,882	77.3%	23%	95.0%	770,679	
Quad Oberholtzer Hall	Undergrads	1949	32	26	785,309		122,112	77.3%	23%	95.0%	116,058	
Quad Settagast Hall	Undergrads	1949	180	174	1,143,974	87,376	803,178	77.3%	23%	95.0%	763,357	
Quad Taub Hall	Undergrads, honors	1949	229	223	982,864	111,162	1,039,536	77.3%	23%	95.0%	987,997	
Bayou Oaks	Amer Campus Comm Operated Mixed, Greeks	Purchased by UH 2009	471	461	16,950,000	Estimated net UH income from partnerships	126,429	91.0%		91.0%	115,000	
Cambridge Oaks	Campus Living Comm Financed & Operated	1996	636	623	6,100,000		289,474	95.0%		95.0%	275,000	
Cullen Oaks	Amer Campus Comm Financed & Operated	2007	879	861	33,156,316		351,907	98.0%		98.0%	344,869	
Subtotal Current Buildings			6,036	5,845	\$ 234,032,652	\$ 12,006,724	\$ 21,988,694				\$ 20,955,630	
Proposed Buildings												
Cougar Place (replacement)	Undergraduates, sophomores	2013	822	800	\$ 51,383,325	\$ 3,342,559						
Cougar Village 2	Undergraduates, freshman	2013	1,145	1,106	53,025,000	3,449,352						
Subtotal Proposed Buildings			1,967	1,906	\$ 104,408,325	\$ 6,791,911						
TOTAL			8,003	7,751	\$ 338,440,977	\$ 18,798,635						
Notes												
(a) Total beds available in standards room in all residence halls based on Fall 2010 inventory												
(b) Cougar Place, built in 1981, 400 beds, is not include as it is scheduled for replacement												
(c) Partners pay debt service directly, Bayou Oaks \$1.48 annually.												
(d) Project cost includes refresh in 2011												



UH Residential Capacity



Occupancy Report

	8-15-2011	Rentable (Less RA Beds)	Total Applicants	Total Residents	% Occupied
Calhoun Lofts		954	906	774	81%
Cougar Village		1,101	1,687	1,157	105%
Moody Towers		1,040	939	1,026	99%
Quadrangle		805	854	729	91%
Totals		3,900	4,386	3,686	94%



Sophomore Housing Budget

Construction Cost	\$38,619,000
Professional Services Fees	\$2,734,000
Project Management Fee	\$1,413,000
Furniture and Moveable Equipment	\$1,300,000
Public Art	\$376,000
Contingencies	\$3,225,000
Administrative Costs	\$833,000
TOTAL PROJECT COST	\$48,500,000

Proposed Project Schedule

Program confirmation	July 2011
Design starts	September 2011
Construction starts	March 2012
Occupancy	June 2013

Funding Sources

Auxiliary Revenues (Bonds) – Housing Fees	\$48,500,000
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**University of Houston
Cougar Place Replacement
Financial Pro Forma**

Financing

Project Cost	\$	48,500,000	<i>(tied to F18 on summary tab)</i>
Capitalized Interest	\$	2,425,000	(365 days)
Delivery Date Expenses	\$	<u>509,250</u>	
Projected Bond Amount	\$	<u>51,434,250</u>	

Cash Flow

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>
Projected Revenue	\$ 5,956,800	\$ 6,135,504	\$ 6,319,569	\$ 6,509,156	\$ 6,704,431
Projected Operating Expenses	<u>(1,998,038)</u>	<u>(2,057,979)</u>	<u>(2,119,718)</u>	<u>(2,183,310)</u>	<u>(2,248,809)</u>
Operating Income - <i>before debt service</i>	3,958,762	4,077,525	4,199,851	4,325,846	4,455,622
Projected Debt Service	<u>3,345,872</u>	<u>3,345,872</u>	<u>3,345,872</u>	<u>3,345,872</u>	<u>3,345,872</u>
Net Cash Flow - <i>after debt service</i>	<u>\$ 612,890</u>	<u>\$ 731,653</u>	<u>\$ 853,979</u>	<u>\$ 979,975</u>	<u>\$ 1,109,750</u>
Debt Coverage Ratio	1.18	1.22	1.26	1.29	1.33



UH VICTORIA PROPERTY ANALYSIS

12.15.10



Sophomore Housing Budget

Construction Cost	\$8,729,000
Professional Services Fees	\$1,041,000
Project Management Fee	\$335,000
Public Art	\$87,000
Contingencies	\$802,000
Administrative Costs	\$506,000
TOTAL PROJECT COST	\$11,500,000

Proposed Project Schedule

Program confirmation	September 2011
Design starts	September 2011
Construction starts	April 2012
Occupancy	May 2013

Funding Sources

Auxiliary Revenues (Bonds) – Housing Fees	\$11,500,000
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University of Houston-Victoria
250 Bed Sophomore Residence Hall
Financial Pro Forma

	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Revenue					
Gross Student Rent	1,437,500	1,437,500	1,480,625	1,480,625	1,525,044
Summer Income	100,000	100,000	100,000	100,000	100,000
Less: Bad Debt	(71,875)	(71,875)	(74,031)	(74,031)	(76,252)
Vacancy	(71,875)	(71,875)	(74,031)	(74,031)	(76,252)
Total Net Revenue	1,393,750	1,393,750	1,432,563	1,432,563	1,472,539
Expenses					
Payroll, includes benefits	102,000	105,060	108,212	111,458	114,802
Utilities	49,200	50,676	52,196	53,762	55,375
Security	43,050	44,342	45,672	47,042	48,453
Management Fee	57,500	57,500	59,225	59,225	61,002
Marketing	3,000	3,090	3,183	3,278	3,377
Maintenance	30,000	30,900	31,827	32,782	33,765
Def Maint.	129,375	129,375	129,375	129,375	129,375
Insurance	30,000	30,900	31,827	32,782	33,765
Total Expenses	444,125	451,843	461,517	469,704	479,914
Net Operating Income	949,625	941,908	971,046	962,858	992,625
Debt Service	(791,928)	(791,928)	(791,928)	(791,928)	(791,928)
Net Cash Flow	\$ 157,697	\$ 149,979	\$ 179,118	\$ 170,930	\$ 200,697
Cumulative Net Cash Flow	\$ 157,697	\$ 149,979	\$ 179,118	\$ 170,930	\$ 200,697
Debt Coverage Ratio	1.20	1.19	1.23	1.22	1.25



Garage 1A Budget

Construction Cost	\$15,725,000
Professional Services Fees	\$1,118,063
Project Management Fee	\$582,524
Public Art	\$156,000
Contingencies	\$2,386,500
Administrative Costs	\$31,913
TOTAL PROJECT COST	\$20,000,000

Proposed Project Schedule

Program confirmation	August 2011
Design starts	January 2012
Construction starts	July 2012
Occupancy	July 2013

Funding Sources

Auxiliary Revenues (Bonds) – Parking Fees	\$20,000,000
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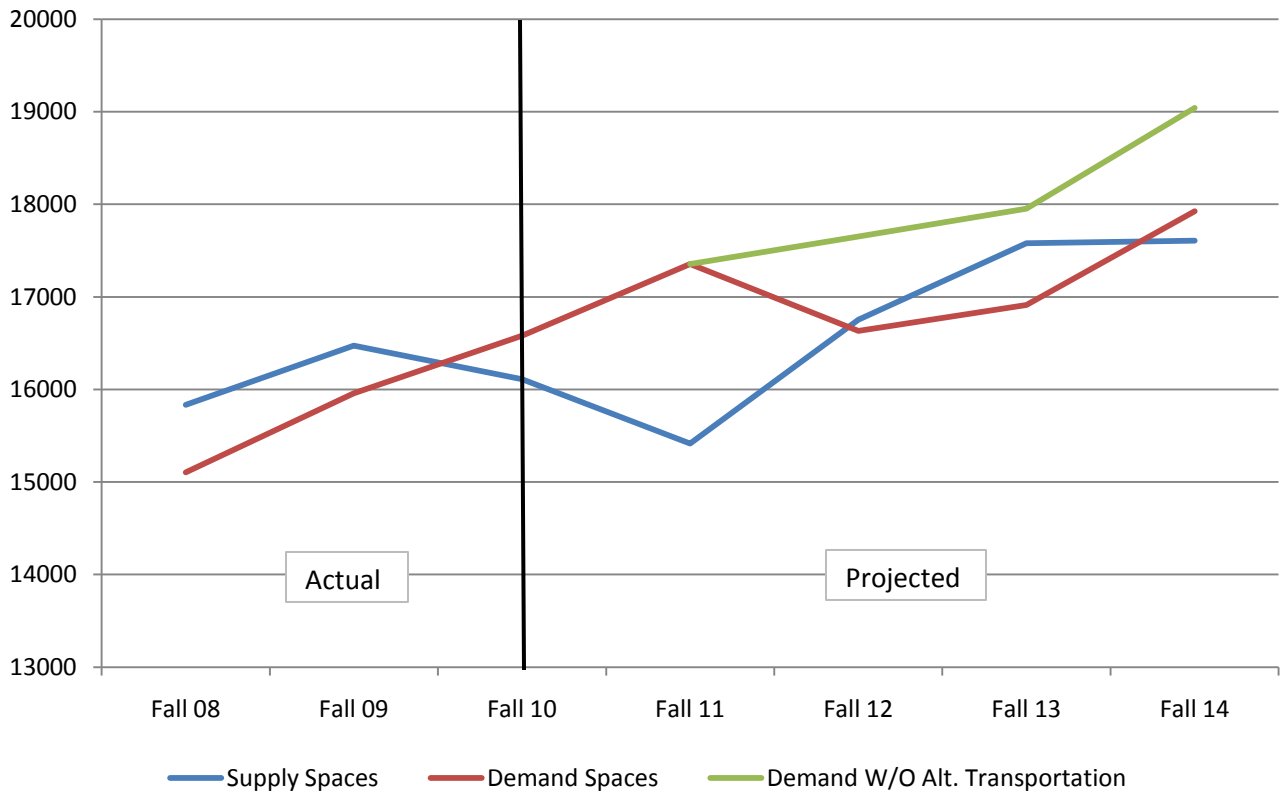


University of Houston
Parking and Transportation Services
Combined Pro Forma

Parking Rate Increases: Faculty/Staff Students				Approved		Proposed					
				14%	19%	17%	5%	0%	2%	0%	0%
				19%	21%	17%	5%	0%	2%	0%	0%
	Actual	Projected		Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Consolidated Operations											
Revenues:											
Permits	\$ 4,764,875	\$ 5,351,946	\$ 5,930,000	\$ 7,223,182	\$ 9,236,634	\$ 11,250,505	\$ 11,894,804	\$ 11,937,854	\$ 12,238,742	\$ 12,301,602	\$ 12,364,628
Citation	1,957,273	2,049,670	2,300,000	2,125,000	1,965,000	1,965,000	1,700,000	1,700,000	1,500,000	1,500,000	1,500,000
Meters	99,430	102,323	111,083	200,000	204,000	208,080	212,242	216,486	220,816	225,232	229,737
Visitor Parking	-	-	-	-	-	-	-	-	-	-	-
Campus Parking	557,246	627,865	727,116	650,000	1,154,250	1,142,813	1,222,853	1,249,074	1,214,210	1,225,995	1,238,014
Retail	68,944	34,091	50,342	-	-	-	-	-	-	-	-
Misc. Parking	-	448,937	120,000	120,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
Total Revenue	7,464,519	8,641,646	9,260,609	10,318,182	12,879,884	14,886,397	15,349,899	15,423,414	15,493,768	15,572,829	15,652,379
Expenses:											
Salary and Wages	638,022	631,133	854,433	997,028	1,026,939	1,057,747	1,089,479	1,122,164	1,155,829	1,190,504	1,226,219
Capital Equipment	-	72,781	42,010	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Maintenance and Operations	2,767,160	3,024,473	3,039,954	3,300,000	3,664,000	3,673,170	3,784,115	3,825,639	3,868,408	3,812,460	3,854,834
Travel and Foods	3,803	5,299	8,393	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Bad debt	14,617	73,034	27,473	221,713	218,062	228,333	208,563	208,783	192,918	193,238	193,560
Deferred Maintenance Allowance	-	-	-	-	620,000	1,020,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000
Funds Equity Transfers	2,296,393	497,943	2,012,373	900,000	927,000	954,810	983,454	1,012,958	1,043,347	1,074,647	1,106,886
Project Transfers	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	5,719,995	4,304,664	5,984,636	5,453,741	6,491,001	6,969,060	7,390,612	7,494,543	7,585,501	7,595,849	7,706,499
Cash Flow Before Debt Service	1,744,524	4,336,982	3,275,973	4,864,441	6,388,883	7,917,337	7,959,286	7,928,871	7,908,268	7,976,980	7,945,881
Debt Service Garages	1,513,303	2,877,504	3,074,852	5,169,235	5,169,235	6,894,451	6,894,451	6,894,451	6,894,451	6,894,451	6,894,451
Cash Flow After Debt Service	\$ 231,221	\$ 1,459,478	\$ 201,121	\$ (304,794)	\$ 1,219,648	\$ 1,022,886	\$ 1,064,835	\$ 1,034,420	\$ 1,013,817	\$ 1,082,529	\$ 1,051,430
Debt Service Coverage Ratio	1.15	1.51	1.07	0.94	1.24	1.15	1.15	1.15	1.15	1.16	1.15



Fall Semester Parking Supply and Demand Trend



The gap between parking supply and demand started to widen in Fall 2008. It will continue to do so until Fall of 2013, unless PTS is able to generate the funding necessary to support a fourth parking garage opening in Fall of 2013.



University of Houston System
 Projects for CRRB, Series 2011A and CRRB, Series 2011B (Taxable)
 As of July 12, 2011

Project Short Name	Component	Project Budget	UH Funds (Equity)	PAR Amount of Bonds
PAR Amount - New Money Bonds				
University Center Phases I & II	UH	\$ 80,000,000	\$ (5,426,750)	74,573,250
West Dining Hall (1)	UH	9,300,000	(4,300,000)	5,000,000
Quadrangle Refresh (1)	UH	1,839,571	-	1,839,571
Moody Towers Refresh (1)	UH	3,916,936	-	3,916,936
Cougar Place Replacement (2)	UH	48,500,000	-	48,500,000
Cougar Village 2 (2)	UH	50,000,000	-	50,000,000
Radio Station (1)	UH	9,705,000	-	9,705,000
4902 Gulf Frwy. (Bldg. 19) UH - Arte Publico (1)	UH	936,921	(691,610)	245,311
ERP (Bldg. 7) - UH Machine Shop (1)	UH	1,172,842	(478,400)	694,442
ERP (Bldg. 15) - UH Dr. Selva (1)	UH	615,000	-	615,000
Multi Modal Parking Garage I (2)	UH	20,000,000	-	20,000,000
UHV Residential Housing (2)	UHV	11,500,000	(800,000)	10,700,000
Total PAR - New Money Bonds		237,486,271	(11,696,760)	225,789,511
PAR Amount - Refunding Bonds				
Series 2002A & 2002B <i>(refunding PAR estimated)</i>	UHS	82,355,000	-	82,355,000
Total PAR - Refunding Bonds		82,355,000	-	82,355,000
Total PAR Amount - New Money & Refunding Bonds		\$ 319,841,271	\$ (11,696,760)	\$ 308,144,511

(1) Technically considered a refunding as the bond proceeds will be used to payoff commercial paper

(2) Excludes capitalized interest which may be raised from bid premium in whole or in part



- **\$225.8m New Bonds**

(base case scenario – based on rates as of 8/16/11)

- 4.38% estimated all-in true interest cost
- \$237.5m project budget
- Less \$11.7m university funds (e.g. new UC fee, HEAF, food service revenue)

- **\$81.1m Refunding Bonds**

*(base case scenario – based on rates as of 8/16/11)**

- 2.54% estimated all-in true interest cost
- 4.22% original all-in true interest cost
- \$7.7m NPV savings or 8.8%.

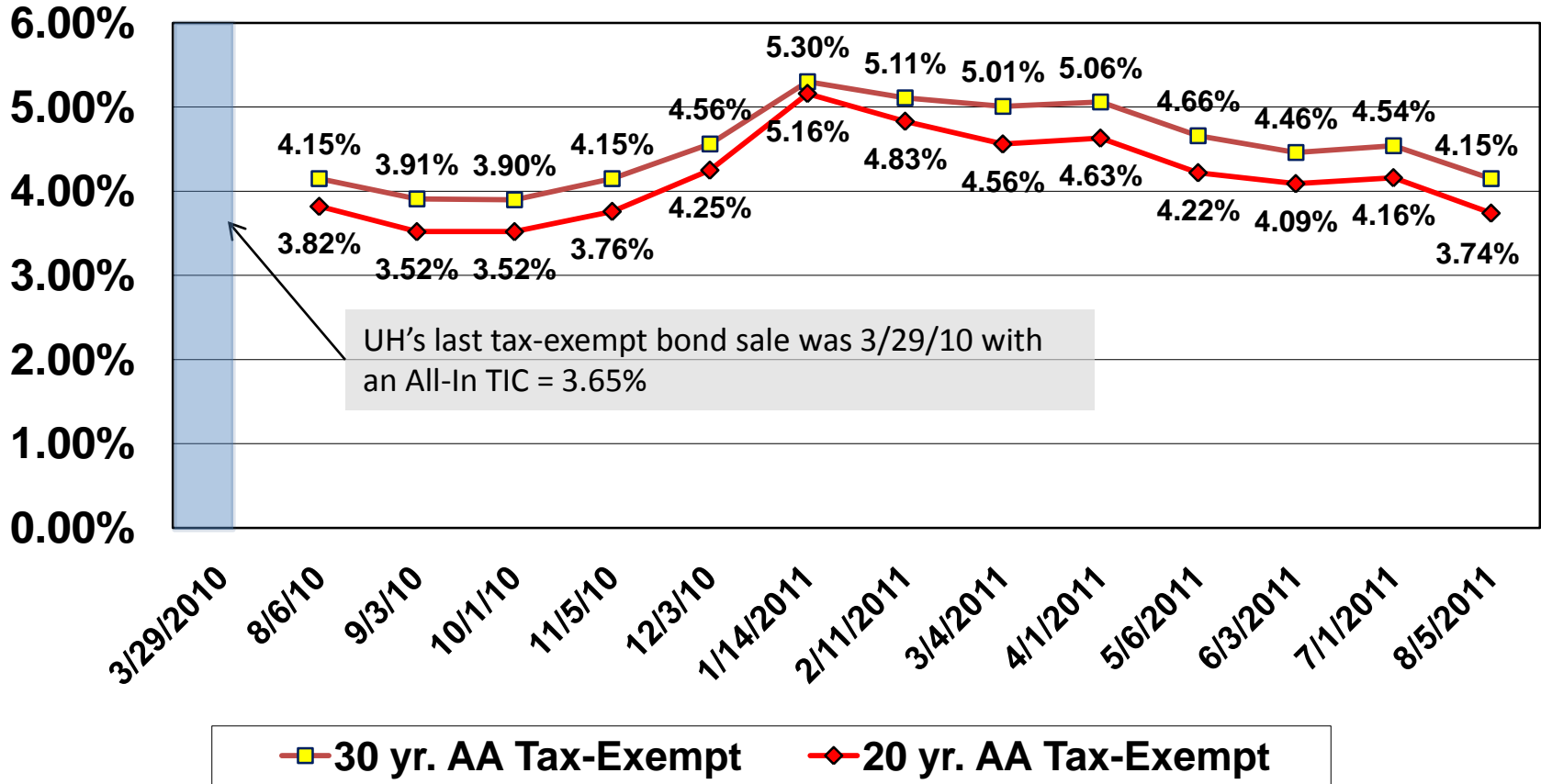
- **Municipal Market Overview**

- Municipal bond market at most attractive levels this year
- Investors on edge about global economy
- Higher rated bonds (AA and above – like UH) are benefiting from “flight to quality”

**Assuming a 50 bps increase from base case scenario, the refunding would yield a \$5.4m NPV savings or 6.19%.*



General High Grade and Higher Education Yield Curve



Source: Morgan Stanley Higher Education and Not-for-Profit Market Update



Approval to Renew Investment Resolutions

SUMMARY: Approval is requested to renew the Resolution Governing the Sale, Assignment, Endorsement, Transfer, and Delivery of Gift Securities for Any Component of the University of Houston System; the Resolution Governing the Purchase and Sale of Securities and Similar Investments for the University of Houston System Endowment Fund; and the Resolution Governing the Purchase and Sale of Securities and Similar Investments for all Non-Endowed Funds of the University of Houston System. There are no changes in persons authorized to make investment decisions, however, the resolutions must be renewed semi-annually.



University of Houston System Holiday Schedule Fiscal Year 2012

Holiday	Dates	Days
Labor Day	9/5/2011	1
Thanksgiving	11/24/2011 – 11/25/2011	2
Winter Holiday	12/23/2011 – 12/30/2011	6
Martin Luther King Day	1/16/2012	1
Spring Break	3/16/2012	1
Memorial Day	5/28/2012	1
Independence Day	7/4/2012	1
TOTAL		13

The number of annual holidays is determined by statute.



Purchase Order with EBSCO Subscription Service, Inc.

SUMMARY: The University of Houston seeks approval of a purchase order with EBSCO Subscription Services, Inc. in the amount of \$4,190,000. Through EBSCO, the Library can acquire up-to-date periodical literature, electronic subscriptions, and books in fields appropriate to the University's curriculum and research needs more efficiently than working with each publisher individually. The agreement is effective from September 1, 2011 through August 31, 2012.