
AGENDA

UNIVERSITY OF HOUSTON SYSTEM FINANCE AND ADMINISTRATION COMMITTEE MEETING

DATE: Wednesday, August 23, 2023
TIME: 5:00 PM
PLACE: The Post Oak Hotel at Uptown Houston
Post Oak Ballroom, Third Floor
1600 West Loop South
Houston, TX 77027

Chair: Ricky Raven
Vice Chair: Alonzo Cantu
Members: John A. McCall Jr.
Jack B. Moore
Tammy Murphy
Mielad Ziaee, Non-Voting
Tilman J. Fertitta, Ex Officio

I. **Finance and Administration Committee**

Presenter: Chair John McCall, Jr.

A. Call to Order

Presenter: Chair John McCall, Jr.

B. Approval of Committee Minutes

- May 18, 2023, Finance and Administration Committee Meeting

Action: Approval

- C. Approval is requested for the University of Houston System FY2024 Financial Plan and Budget 4

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 contracts exceeding \$1 million for the purchase of goods or services, excluding construction contracts, at the University 36

of Houston System

Action: Approval

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

- E. 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 39

Action: Approval

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

- F. Approval is requested to modify banking and investment resolutions for the University of Houston System 42

Action: Approval

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

- G. Approval is requested to modify the University of Houston System Debt Policy and Master Swap Policy. 44

Action: Approval

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

II. **Executive Session**

Presenter: Chair John McCall, Jr.

- A. 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

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

Presenter: Chair John McCall, Jr.

IV. **Adjourn**

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

COMMITTEE: Finance and Administration

ITEM: Approval is requested for the University of Houston System FY2024 Financial Plan and Budget

DATE PREVIOUSLY SUBMITTED: Fiscal Year Budget Submitted Annually

SUMMARY:

Approval is requested for the FY2024 Financial Plan and Budget. Annual plans, plus revenue and expenditure budgets, are being presented for all university components for the period September 1, 2023 through August 31, 2024. The budget for the UH System includes the University of Houston, University of Houston Downtown, University of Houston Clear Lake, University of Houston Victoria, and University of Houston System Administration.

SUPPORTING DOCUMENTATION: Presentation

FISCAL NOTE: Total Budget \$2.3 billion

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

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR

Raymond S. Bartlett



DATE



CHANCELLOR

Renu Khator



DATE

FY2024 Annual Budget

Executive Summary Presentation to Administration and Finance Committee

August 23, 2023

5

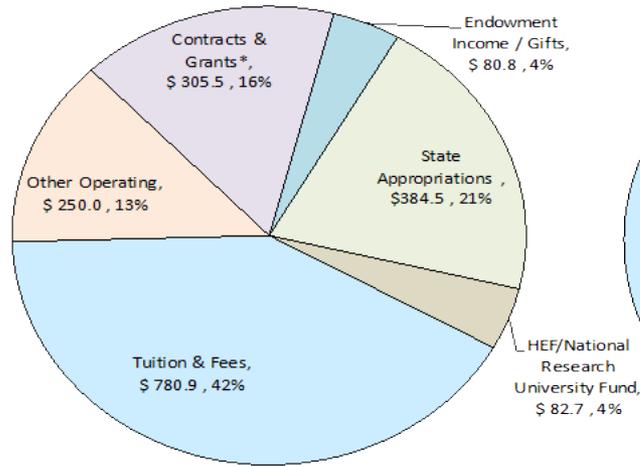
University of Houston System FY2024 Budget Development Environment

- Enrollment trend
- Retaining and recruiting talent
- Inflation
- No tuition increases
- Change in revenue

University of Houston System Budget

FY2023

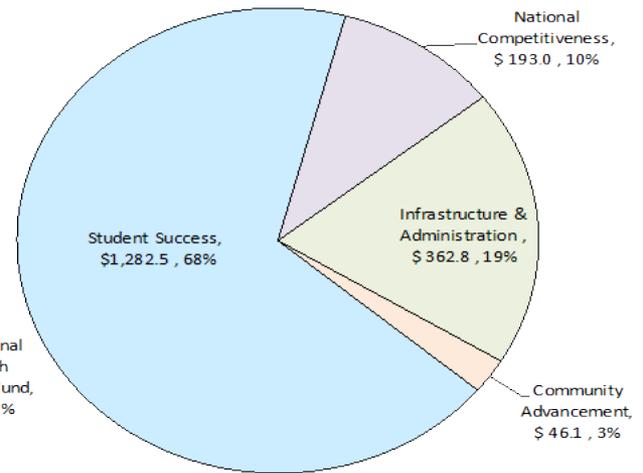
Operating Budget Source of Funds



* Includes Federal Financial Aid

Total \$1,884.4 Million

Operating Budget Use of Funds



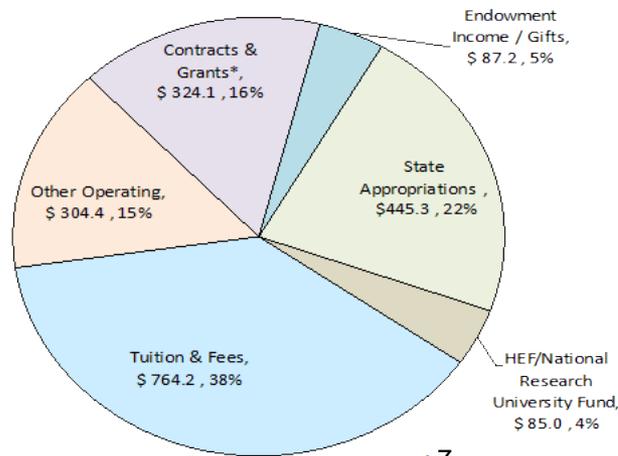
Total \$1,884.4 Million

Total Budget

	\$ Millions
Operating Budget	\$ 1,884.4
Capital Facilities	184.5
Total	\$ 2,068.9

FY2024

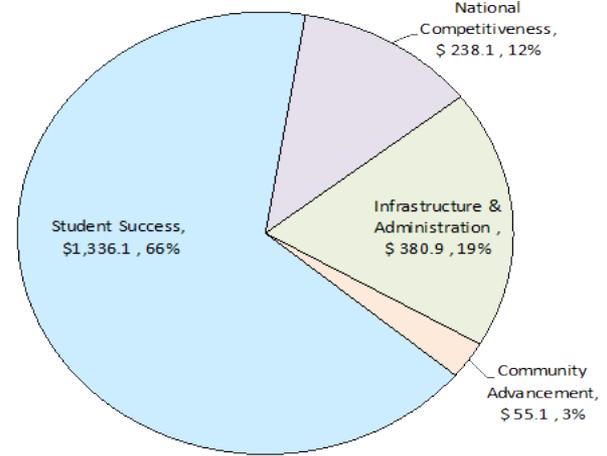
Operating Budget Source of Funds



* Includes Federal Financial Aid

Total \$2,010.2 Million

Operating Budget Use of Funds



Total \$2,010.2 Million

Total Budget

	\$ Millions
Operating Budget	\$ 2,010.2
Capital Facilities	322.0
Total	\$ 2,332.2

University of Houston System

FY2024 Proposed Operating Budget

(\$ in Millions)

	FY2023	Change		Proposed FY2024
		Dollars	Percent	
University of Houston	1,363.7	108.1	7.9%	1,471.8
UH - Clear Lake	150.2	14.2	9.5%	164.4
UH- Downtown	218.8	5.6	2.6%	224.4
UH- Victoria	79.0	(3.6)	-4.6%	75.4
UH - System Admin	72.7	1.5	2.1%	74.2
Total	1,884.4	125.8	6.7%	2,010.2

University of Houston System

FY2024 Budgeted Operating Revenue by Source by University

(\$ in Millions)

	A	B	C	D	E	F	G	H
	UHSA	UH	UHCL	UHD	UHV	FY24 Budget Consolidated	FY23 Budget Consolidated	% CHG YoY FY23 to FY24
1 State Appropriations	\$ 60.3	\$ 289.0	\$ 40.3	\$ 36.1	\$ 19.6	445.3	384.5	15.8%
2 HEF/National Research University Fund	-	62.2	8.0	11.2	3.6	85.0	82.7	2.8%
3 Tuition & Fees	-	556.1	72.3	104.9	30.9	764.2	780.9	-2.1%
4 Other Operating	11.3	247.5	15.3	20.1	10.2	304.4	250.0	21.8%
5 Contracts & Grants *	-	237.9	26.9	48.8	10.5	324.1	305.5	6.1%
6 Endowment Income / Gifts	2.6	79.1	1.6	3.3	0.6	87.2	80.8	7.9%
7 Total	<u>\$ 74.2</u>	<u>\$ 1,471.8</u>	<u>\$ 164.4</u>	<u>\$ 224.4</u>	<u>\$ 75.4</u>	<u>\$ 2,010.2</u>	<u>\$ 1,884.4</u>	6.7%

* Includes Federal financial aid

University of Houston System

FY2020 - FY2024 Operating Revenue

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 State Appropriations	\$ 389.1	\$ 330.0	\$ 367.5	\$ 384.5	\$ 445.3
2 HEF/National Research University Fund	85.0	82.9	82.3	82.7	85.0
3 Tuition & Fees	746.0	776.0	787.0	780.9	764.2
4 Other Operating	253.8	200.7	246.8	250.0	304.4
5 Contracts & Grants	382.6	467.6	501.1	305.5	324.1
6 Endowment Income / Gifts	99.4	94.4	110.3	80.8	87.2
7 Total	\$ 1,955.9	\$ 1,951.6	\$ 2,095.0	\$ 1,884.4	\$ 2,010.2

* Includes Federal financial aid

University of Houston System

FY2024 Operating Budget Expenditures by University

(\$ in Millions)

	A	B	C	D	E	F	G	H
	UHSA	UH	UHCL	UHD	UHV	FY24 Budget Consolidated	FY23 Budget Consolidated	% CHG YoY FY23 to FY24
1 Student Success	\$ 2.6	\$ 979.6	\$ 124.4	\$ 167.7	\$ 61.8	1,336.1	1,282.5	4.2%
2 National Competitiveness	-	225.9	7.2	3.9	1.1	238.1	193.0	23.4%
3 Infrastructure & Administration	71.6	214.7	32.8	49.8	12.0	380.9	362.8	5.0%
4 Community Advancement	-	51.6	0.0	3.0	0.5	55.1	46.1	19.5%
5 Total	<u>\$ 74.2</u>	<u>\$ 1,471.8</u>	<u>\$ 164.4</u>	<u>\$ 224.4</u>	<u>\$ 75.4</u>	<u>\$ 2,010.2</u>	<u>\$ 1,884.4</u>	6.7%

University of Houston System

FY2020-FY2024 Operating Expenditures

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 Student Success	\$ 1,199.1	\$ 1,298.8	\$ 1,361.3	\$ 1,282.5	\$ 1,336.1
2 National Competitiveness	198.6	204.5	212.5	193.0	238.1
3 Infrastructure & Administration	312.3	279.1	278.6	362.8	380.9
4 Community Advancement	46.0	39.3	44.3	46.1	55.1
5 Total	\$ 1,756.0	\$ 1,821.7	\$ 1,896.7	\$ 1,884.4	\$ 2,010.2

University of Houston System

FY2024 Proposed Capital Budget

(\$ in Millions)

	FY2023	-----Change-----		Proposed FY2024
		Dollars	Percent	
University of Houston	129.0	89.1	69.1%	218.1
UH - Clear Lake	24.2	9.4	38.8%	33.6
UH- Downtown	13.4	33.7	251.5%	47.1
UH- Victoria	17.9	5.3	29.6%	23.2
Total	184.5	137.5	74.5%	322.0

Capital Construction Budget

FY2024 Project Expenditures by Campus

UH Capital Projects FY2024	
Description	FY2024
ACE Institute	62,964
Garage #6	2,354,631
College of Medicine	116,882
New Law Center	89,670
Auxiliary Retail Dining Center	16,819,619
UH Sugar Land Academic Building	49,000,000
Innovation Hub	17,000,000
New Hobby School of Public Affairs	12,000,000
Football Operations Facility	65,000,000
CMP - Lighting and Security Upgrade Phase II	8,000,000
CMP - Cullen Blvd. Improvements	4,084,679
CMP - Gateways and Landscape Enhancements	320,000
CMP - University Drive	480,000
CMP - Centennial Plaza/Farish Demolition	600,000
Core Renovations - SERC HVAC	190,377
Core Renovation - Science and Research 1	1,000,000
Core Renovations - Roy G. Cullen	691,116
Core Renovation - Charles F. McElhinney	1,000,000
Life Sciences Renovations - TMC Building	13,500,000
TDECU Suites and Premium Seating	550,481
800 Research Core Initiative	5,165,000
Guy V. Lewis Renovations	5,050,000
CRDM (Capital Renewal Deferred Maintenance)	15,000,000
Total	218,075,418
UH-Clear Lake Capital Projects FY2024	
Description	FY2024
Capital Renewal Deferred Maintenance	8,240,000
Parking Lot/Roadway Maintenance	400,000
Other Infrastructure Upgrades	5,193,540
Exterior upgrades	436,436
Bayou Renovations	14,467,345
Delta Renovations	1,550,000
SSCB Renovations	729,381
Stem Renovations	139,329
Hunter Hall Renovations	1,428,559
Recreation and Wellness	973,914
Total	33,558,504

UH-Downtown Capital Projects FY2024	
Description	FY2024
Girard Street Building	15,000,000
Wellness and Success Center Capital Renewal	200,000
Girard Street Garage Capital Renewal	51,000
CSET Lab Upgrades	200,000
Offices and Lounge	120,000
Student Life Center	650,000
One Main Building	29,272,833
Capital Renewal/Capital Improvement	1,600,000
Total	47,093,833
UH-Victoria Capital Projects FY2024	
Description	FY2024
Health and Wellness Center	18,118,445
Facilities Storage	1,122,325
Ben Wilson Street	1,023,002
University Center Roof	558,150
Northwest Parking Lot	42,684
Total Demo - Parking Lot-Smith Hall Entrance	1,875,525
University Center/North Chiller	55,126
Campus HVAC-JCI Update	20,745
Campus Tech Infrastructure Improvements	399,072
Total	23,215,074
Total University of Houston System	321,942,829
System Capital Projects Allocation	
Campus	% of Total
University of Houston	67.7%
UH-Clear Lake	10.4%
UH-Downtown	14.6%
UH-Victoria	7.2%
Total	100.0%

University of Houston System Combined Operating & Capital Budget

(\$ in Millions)

	FY2023	-----Change-----		Proposed FY2024
		Dollars	Percent	
University of Houston	1,492.7	197.2	13.2%	1,689.9
UH - Clear Lake	174.4	23.6	13.5%	198.0
UH- Downtown	232.2	39.3	16.9%	271.5
UH- Victoria	96.9	1.7	1.8%	98.6
UH - System Admin	72.7	1.5	2.1%	74.2
Total	2,068.9	263.3	12.7%	2,332.2

University of Houston

FY2024 Proposed Annual Budget

University of Houston

Highlighted Use of FY2024 Funds

- Talent Retention
 - 2% merit salary pool for eligible employees
 - Market equity adjustment
 - Promotion and Tenure
- Student Success
 - Retention and recruitment
 - Mental health
- Research
- Infrastructure and Compliance

17

University of Houston

FY2020 - FY2024 Operating Revenue

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 State Appropriations	\$ 259.4	\$ 203.9	\$ 231.8	\$ 233.2	\$ 289.0
2 HEF/National Research University Fund	60.9	60.9	60.3	60.6	62.2
3 Tuition & Fees	529.8	549.7	561.1	557.5	556.1
4 Other Operating	228.8	181.2	226.5	212.2	247.5
5 Contracts & Grants	284.3	330.3	369.1	227.2	237.9
6 Endowment Income / Gifts	88.2	83.9	97.6	73.0	79.1
7 Total	\$ 1,451.4	\$ 1,409.9	\$ 1,546.4	\$ 1,363.7	\$ 1,471.8

* Includes Federal financial aid

University of Houston

FY2020 - FY2024 Operating Expenditures

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 Student Success	\$ 869.5	\$ 914.9	\$ 966.4	\$ 930.9	\$ 979.6
2 National Competitiveness	193.4	199.3	207.7	186.7	225.9
3 Infrastructure & Administration	183.1	153.8	143.6	203.1	214.7
4 Community Advancement	42.2	35.7	40.6	43.0	51.6
5 Total	\$ 1,288.2	\$ 1,303.7	\$ 1,358.3	\$ 1,363.7	\$ 1,471.8

University of Houston Clear Lake

FY2024 Proposed Annual Budget

University of Houston Clear Lake

Highlighted Use of FY2024 Funds

- 2% merit pool for eligible faculty & staff
- 1% market equity adjustment pool
- Student recruitment, retention & success
- Instructional technology
- Academic and research infrastructure
- Deferred maintenance & life safety
- Fixed institutional costs

University of Houston-Clear Lake

FY2020 - FY2024 Operating Revenue

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 State Appropriations	\$ 36.7	\$ 35.1	\$ 40.2	\$ 39.3	\$ 40.3
2 HEF/National Research University Fund	8.0	7.7	7.7	7.7	8.0
3 Tuition & Fees	76.6	76.4	79.2	78.8	72.3
4 Other Operating	5.0	3.5	3.8	3.9	15.3
5 Contracts & Grants	25.2	42.3	36.0	18.8	26.9
6 Endowment Income / Gifts	2.0	2.2	1.6	1.7	1.6
7 Total	\$ 153.5	\$ 167.2	\$ 168.5	\$ 150.2	\$ 164.4

* Includes Federal financial aid

University of Houston-Clear Lake

FY2020 - FY2024 Operating Expenditures

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 Student Success	\$ 107.6	\$ 131.9	\$ 132.0	\$ 114.4	\$ 124.4
2 National Competitiveness	1.7	2.1	2.3	3.7	7.2
3 Infrastructure & Administration	31.1	30.6	31.4	32.1	32.8
4 Community Advancement	0.0	0.1	0.3	0.0	0.0
5 Total	\$ 140.4	\$ 164.7	\$ 166.0	\$ 150.2	\$ 164.4

University of Houston Downtown

FY2024 Proposed Annual Budget

University of Houston Downtown

Highlighted Use of FY2024 Funds

- 2% merit salary pool to invest in faculty and staff
- Senior Lecturer promotions
- Student retention and success initiatives
- Increase sponsored research
- Academic infrastructure
- Deferred Maintenance and Life Safety
- Fixed institutional costs

University of Houston-Downtown

FY2020 - FY2024 Operating Revenue

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 State Appropriations	\$ 32.5	\$ 31.4	\$ 33.7	\$ 33.5	\$ 36.1
2 HEF/National Research University Fund	11.8	10.8	10.8	10.8	11.2
3 Tuition & Fees	106.9	115.0	114.3	112.4	104.9
4 Other Operating	6.6	4.0	2.9	10.9	20.1
5 Contracts & Grants	55.5	76.6	80.0	48.1	48.8
6 Endowment Income / Gifts	3.7	2.7	4.3	3.1	3.3
7 Total	\$ 217.0	\$ 240.5	\$ 246.0	\$ 218.8	\$ 224.4

* Includes Federal financial aid

University of Houston-Downtown

FY2020 - FY2024 Operating Expenditures

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 Student Success	\$ 159.0	\$ 184.1	\$ 194.0	\$ 169.5	\$ 167.7
2 National Competitiveness	2.6	2.2	1.9	2.0	3.9
3 Infrastructure & Administration	36.0	34.2	39.3	44.7	49.8
4 Community Advancement	3.1	2.7	2.6	2.6	3.0
5 Total	\$ 200.7	\$ 223.2	\$ 237.8	\$ 218.8	\$ 224.4

University of Houston Victoria

FY2024 Proposed Annual Budget

University of Houston Victoria

Highlighted Use of FY2024 Funds

- New Aviation Academic Initiative
- Student success and recruitment for online programs previously outsourced
- Monitor and adjust operational resources for continued COVID-19 impacts
- Academic and research infrastructure
- Deferred Maintenance & Life Safety

University of Houston-Victoria

FY2020 - FY2024 Operating Revenue

(\$ in Millions)

	A	B	C	D	E
	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Budgeted	Proposed
1 State Appropriations	\$ 18.5	\$ 17.6	\$ 19.4	\$ 19.2	\$ 19.6
2 HEF/National Research University Fund	4.3	3.5	3.5	3.6	3.6
3 Tuition & Fees	32.7	34.9	32.4	32.2	30.9
4 Other Operating	4.2	3.2	3.2	12.0	10.2
5 Contracts & Grants	17.0	18.4	16.0	11.4	10.5
6 Endowment Income / Gifts	0.9	0.9	1.8	0.6	0.6
7 Total	\$ 77.6	\$ 78.5	\$ 76.3	\$ 79.0	\$ 75.4

* Includes Federal financial aid

University of Houston-Victoria

FY2020 - FY2024 Operating Expenditures

(\$ in Millions)

	A	B	C	D	E
	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Budgeted	Proposed
1 Student Success	\$ 61.7	\$ 66.6	\$ 68.0	\$ 66.2	\$ 61.8
2 National Competitiveness	0.4	0.4	0.6	0.6	1.1
3 Infrastructure & Administration	10.1	9.5	11.0	11.7	12.0
4 Community Advancement	0.7	0.8	0.8	0.5	0.5
5 Total	\$ 72.9	\$ 77.3	\$ 80.4	\$ 79.0	\$ 75.4

University of Houston System Administration

FY2024 Annual Budget

University of Houston System Administration

FY2020 - FY2024 Operating Revenue

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 State Appropriations	\$ 42.0	\$ 42.0	\$ 42.4	\$ 59.3	\$ 60.3
2 Other Operating	9.2	8.8	10.4	11.0	11.3
3 Contracts & Grants	0.6	0.0	0.0	0.0	0.0
4 Endowment Income / Gifts	4.6	4.7	5.0	2.4	2.6
5 Total	\$ 56.4	\$ 55.5	\$ 57.8	\$ 72.7	\$ 74.2

* Includes CCAP debt service

University of Houston System Administration

FY2020 - FY2024 Operating Expenditures

(\$ in Millions)

	A 2020 Actual	B 2021 Actual	C 2022 Actual	D 2023 Budgeted	E 2024 Proposed
1 Student Success	\$ 1.3	\$ 1.3	\$ 0.9	\$ 1.5	\$ 2.6
2 National Competitiveness	0.5	0.5	-	-	-
3 Infrastructure & Administration	52.0	51.0	53.3	71.2	71.6
4 Total	\$ 53.8	\$ 52.8	\$ 54.2	\$ 72.7	\$ 74.2

* Includes CCAP debt service

Questions?

35

**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



DATE



CHANCELLOR

Renu Khator



DATE

University of Houston System
Summary of Goods and Services Contracts Greater than \$1 Million
F&A Committee - August 23, 2023

Component	Project	Procurement Method	Vendor	Purpose	Term	Amount	Funding Source	HUB Goal	Comments
Goods and Services Contracts Greater than \$1 Million									
UHS	Multi-factor authentication (MFA) solution	Sole Source	Duo, Inc.	Amend the five-year Duo multi-factor authentication (MFA) solution contract. Use of MFA systems helps prevent unauthorized access to information systems by requiring users to validate their identity through a combination of factors (such as a password and confirmation through an application on a separate device or a phone call).	Initial Term: 5 years	Initial Term: \$800,000 Amendment 1: \$900,000	Designated Funds	N/A	
UH	Houston Area Household Panel	Sole Source	National Opinion Research Center (NORC)	Build and maintain a Houston metropolitan statistical area panel for survey research to be used by the Hobby School of Public Affairs to build future research opportunities. Services including building and maintaining the panel as well as marketing and recruiting new respondents and obtaining replacement respondents.	Initial Term: 1 year Optional Terms: 4 one-year options	Initial Term: \$1,593,000 Optional Terms: \$1,440,000	Designated Funds	N/A	
UH	Library Electronic Database Subscriptions	Sole Source	Elsevier Inc.	Purchase academic journals and electronic library materials for use in scholarship and research.	Initial Term: 1 year	Initial Term: \$2,136,512	Designated Funds	NA	
UH	Public Broadcasting Service (PBS) Programming Fees	Sole Source	Public Broadcasting System	Programming fees are needed for Houston Public Media to broadcast PBS programs on the KUHT radio stations for FY24. There is no contract for these fees.	Original Term: 1 year	Original Term: \$2,193,300	Gift Funds Grant Funds	N/A	
UH	National Public Radio (NPR) Programming Fees	Sole Source	National Public Radio	Programming fees are needed for Houston Public Media to broadcast NPR programs on the KUHF radio stations for FY24. There is no contract for these fees.	Original Term: 1 year	Original Term: \$1,675,296	Gift Funds Grant Funds	N/A	
UH	Child and Elder Back-up Care	RFP	TBD	Promote employee success via Child and Elder Back-up Care services, which provides emergency care assistance for employees that are care-givers.	Initial Term: 3 years Optional Terms: 1 two-year option.	Initial Term: \$717,000 Optional Terms: \$600,000	Designated Funds	26.0%	
UH	Reverse Osmosis Water Service	RFP	TBD	To provide reverse osmosis/deionized water services for all research and lab areas on campus.	Initial Term: 3 years Optional Terms: 2 one-year options.	Initial Term: \$900,000 Optional Terms: \$600,000	State Funds	21.1%	
UHS	Applicant Tracking System	RFP	TBD	Purchase and implement a new job applicant tracking system for job posting, accept and review applications, and process hiring for all personnel.	Initial Term: 3 years Optional Terms: 2 one-year options.	Initial Term: \$1,070,000 Optional Terms: \$530,000	Designated Funds	21.1%	

University of Houston System
 Summary of Goods and Services Contracts Greater than \$1 Million
 F&A Committee - August 23, 2023

Component	Project	Procurement Method	Vendor	Purpose	Term	Amount	Funding Source	HUB Goal	Comments
UH	Reel-to-Reel Physical Vapor Deposition Manufacturing System	Sole Source	SuNAM Co, LTD	Procure a pilot scale Reel-to-Reel Physical Vapor Deposition Manufacturing System designed for manufacturing research on a wide range of materials, using different deposition techniques including ion beam sputtering, magnetron sputtering, ion assisted deposition, and electron-beam evaporation in one test bed.	Initial Term: 2 years	Initial Term: \$2,675,000	State Funds	0.0%	

**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

8/7/2023
DATE



CHANCELLOR

Renu Khator

8/17/2023
DATE

University of Houston System
Summary of Construction Contracts Greater than \$1 Million
F&A Committee - August 2023

Componen	Project	Procurement Method	Vendor	Purpose	Amount	Funding Source	HUB Goal	Comments
UH	Electrical Repair Services	RFP	TBD	Provide High, Medium and Low Voltage Services for Campus Support.	\$2,500,000	State	21.10%	We are requesting a master contract with purchase order contract type to improve contract response time.
UH	Wortham Theatre Rigging	COOP	iStudio Projects	Per an independent inspection, the existing rigging system has reached its maximum lifespan and is a risk to occupant safety. This contract is to dismantle and dispose of existing rigging system and to design, provide, and install new	\$2,500,000	Designated	NA	End users will lose revenue without use of the rigging system if not replaced.
UH	Welcome Center Garage Repairs and Barriers	Emergency Contracting	Walter P. Moore, Mooring, Terracon, Cotton	Re-construction of vertical support panels on the 3rd, 4th, and 5th floors of the WCS Garage that was damaged due to car accident.	\$1,100,000	Insurance Claim	NA	
UHV	Operations and Storage Building Construction	CSP	TBD	UHV Facilities has determined that a storage unit is needed. UHV will engage a UHS AE firm to design a pre-engineered metal storage unit and install adjacent to the existing Facilities Services Building.	\$1,600,000	CCAP Bonds	21.10%	
UHV	New Parking Lot and Totah Building Demolition	CSP	TBD	This project is to develop more campus parking by demolishing the recently purchased Totah facility and surrounding parking at 3402	\$2,000,000	CCAP Bonds	21.10%	

UH	Central Plant Upgrades	Sole Source	JCI	Install a new chiller to meet the campus chilled water demands with new buildings going online.	\$4,500,000	State	NA	
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**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Finance and Administration

ITEM: Approval is requested to modify banking and investment resolutions for the University of Houston System.

DATE PREVIOUSLY SUBMITTED: August 24, 2023

SUMMARY:

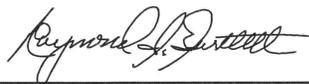
Approval is requested to delete Dan Corcoran, Krista Buckminster, Martin Baylor, Mark Denney, and Wayne Beran from the list of authorized persons who may conduct banking transactions for the System. We are adding Mary Mbeche, Leslie Valadez, Dr. Sherry Hawn, Mila Bautista, Kimberly Lambert-Thomas, and Dr. Beverly Shuford.

SUPPORTING DOCUMENTATION: Summary of Authorized Persons by Account – final and redlined Banking Resolutions on file in the Board Office

FISCAL NOTE: None

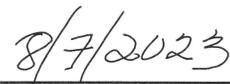
**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR

Raymond S. Bartlett



DATE



CHANCELLOR

Renu Khator



DATE

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
University of Houston	Disbursement	Fund clearing of checks issued by the University of Houston main campus	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Credit Card Clearing	Receive credit card payments from merchant activity throughout UH campus	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Operating ⁽¹⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UH	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
UH Clear Lake	Disbursement	Fund clearing of checks issued by UH Clear Lake	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Credit Card Clearing	Receive credit card payments from merchant activity at CL	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Operating ⁽²⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UHCL	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
UH Downtown	Disbursement	Fund clearing of checks issued by UH Downtown	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Credit Card Clearing	Receive credit card payments from merchant activity throughout UHD campus	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Operating ⁽³⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UHD	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
UH Victoria	Disbursement	Fund clearing of checks issued by UH Victoria	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete Authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Operating ⁽⁴⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UHV	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete Authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
System Administration	Operating	Primary depository account for checks, fed wire & ach transactions, etc. at System Administration	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete Authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Disbursement	Fund clearing of checks issued by UH System	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete Authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Payroll Clearing	Fund the issuance of payroll checks for all UH System	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
Karin Livingston			Assoc. Vice Chancellor for Finance	Existing authority	
Louis Edwards			Treasurer	Existing authority	
Mary Mbeche			Assistant Treasurer	New authority	
Dan Corcoran			Assistant Treasurer	Delete Authority	
Fred Burnett			Manager, Treasury Operations	Existing authority	
		Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority	
Payroll Direct Deposit	Fund the issuance of direct deposit payroll for all UH System components	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority	
		Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority	
		Louis Edwards	Treasurer	Existing authority	
		Mary Mbeche	Assistant Treasurer	New authority	
		Dan Corcoran	Assistant Treasurer	Delete Authority	
		Fred Burnett	Manager, Treasury Operations	Existing authority	
		Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority	
Master Concentration	Fund payroll accounts and act as the clearing account for all excess or deficit funds movement from/to UH System operating accounts and the sweep account	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority	
		Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority	
		Louis Edwards	Treasurer	Existing authority	
		Mary Mbeche	Assistant Treasurer	New authority	
		Dan Corcoran	Assistant Treasurer	Delete Authority	
		Fred Burnett	Manager, Treasury Operations	Existing authority	
		Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority	
Student Loan Repayment	Receipt of federal student loan repayment proceeds for	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority	
		Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority	
		Louis Edwards	Treasurer	Existing authority	
		Mary Mbeche	Assistant Treasurer	New authority	

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
			Dan Corcoran	Assistant Treasurer	Delete Authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority

- (1) In addition to the persons listed above, Kevin Burns and Nancy Tran, have authority to endorse checks, drafts and/or payments to UH .
- (2) In addition to the persons listed above, ~~Mark Denney~~, [Dr. Sherry Hawm](#) and ~~Krista Buckminster~~-[Mila Bautista](#) have authority to endorse checks, drafts and/or payments to UH Clear Lake.
- (3) In addition to the persons listed above, ~~Marty Baylor~~, [Kimberly Lambert-Thomas](#), Theresa Meneley, and Krystal LeBlanc have authority to endorse checks, drafts and/or payments to UH Downtown .
- (4) In addition to the persons listed above, ~~Wayne Beran~~, [Dr. Beverly Shuford](#), and Erin Goodwin, and ~~Tim Michalski~~ have authority to endorse checks, drafts and/or payments to UH Victoria.

University of Houston System
 Authorized Staff for Banking and Investment Transactions
 As of August 24, 2023

Component	Document/Resolution	Primary Purpose	Authority	Title	Comments
University of Houston System	Banking Resolutions	Resolutions for the 16 bank accounts at Bank of America. These resolutions identify the staff that have signature authority to conduct various banking transactions that enable the System to conduct operations	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing Authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing Authority
			Louis Edwards	Treasurer	Existing Authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete Authority
			Fred Burnett	Manager, Treasury Operations	Existing Authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing Authority
University of Houston System	Investment Resolutions	Resolutions governing the purchase and sales of securities and similar investments for all Non-Endowed Funds at the University of Houston System. Resolutions governing the purchase and sale of securities and similar investments for the University of Houston System. Resolutions governing the sale, assignment, endorsement, transfer and delivery of gift securities for any component of the University of Houston System. Account Schedule Wells Fargo: debt service accounts (14), escrow accounts (3) Bayerische: bond proceeds accounts (1) Intermediate Investment Fund: investment accounts (4) Short Term Investment Fund: investment accounts (1)	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing Authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing Authority
			Louis Edwards	Treasurer	Existing Authority
			Mary Mbeche	Assistant Treasurer	New authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Fred Burnett	Manager, Treasury Operations	Existing Authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing Authority
Leslie Valadez	Financial Specialist-Treasury	New Authority			
University of Houston System	TexPool Resolution	Resolution Amending Authorized Representatives. This resolution identifies the staff that have access to TexPool to retrieve investment reports, confirm deposits and request withdrawals. The System uses TexPool to invest its bond proceeds prior to reimbursement for construction projects. Account Schedule TexPool: bond and commercial paper proceeds accounts (11), bond cost of issuance accounts (5)	Louis Edwards	Treasurer	Existing Authority
			Dan Corcoran	Assistant Treasurer	Delete authority
			Mary Mbeche	Assistant Treasurer	New Authority
			Leslie Valadez	Financial Specialist-Treasury	New Authority

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
University of Houston	Disbursement	Fund clearing of checks issued by the University of Houston main campus	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Credit Card Clearing	Receive credit card payments from merchant activity throughout UH campus	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Operating ⁽¹⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UH	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
UH Clear Lake	Disbursement	Fund clearing of checks issued by UH Clear Lake	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Credit Card Clearing	Receive credit card payments from merchant activity at CL campus	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Operating ⁽²⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UHCL	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
UH Downtown	Disbursement	Fund clearing of checks issued by UH Downtown	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Credit Card Clearing	Receive credit card payments from merchant activity throughout UHD campus	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
	Operating ⁽³⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UHD	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
UH Victoria	Disbursement	Fund clearing of checks issued by UH Victoria	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Operating ⁽⁴⁾	Primary depository account for checks, fed wire & ach transactions, etc. at UHV	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
System Administration	Operating	Primary depository account for checks, fed wire & ach transactions, etc. at System Administration	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
	Disbursement	Fund clearing of checks issued by UH System Administration	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Payroll Clearing	Fund the issuance of payroll checks for all UH System components	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Payroll Direct Deposit	Fund the issuance of direct deposit payroll for all UH System components	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority
	Master Concentration	Fund payroll accounts and act as the clearing account for all excess or deficit funds movement from/to UH System operating accounts and the sweep account	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority

University of Houston System
 Authorized Staff with Bank Transaction Authority
 As of August 24, 2023

UH System Component	Account Name	Primary Account Purpose	Signatory & Wire Authority	Title	Comments
	Student Loan Repayment	Receipt of federal student loan repayment proceeds for UHS	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing authority
			Louis Edwards	Treasurer	Existing authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing authority

- (1) In addition to the persons listed above, Kevin Burns and Nancy Tran, have authority to endorse checks, drafts and/or payments to UH .
- (2) In addition to the persons listed above, Dr. Sherry Hawn and Mila Bautista have authority to endorse checks, drafts and/or payments to UH Clear Lake.
- (3) In addition to the persons listed above, Kimberly Lambert-Thomas, Theresa Meneley, and Krystal LeBlanc have authority to endorse checks, drafts and/or payments to UH Downtown .
- (4) In addition to the persons listed above, Dr. Beverly Shuford and Erin Goodwin have authority to endorse checks, drafts and/or payments to UH Victoria.

University of Houston System
 Authorized Staff for Banking and Investment Transactions
 As of August 24, 2023

Component	Document/Resolution	Primary Purpose	Authority	Title	Comments
University of Houston System	Banking Resolutions	Resolutions for the 16 bank accounts at Bank of America. These resolutions identify the staff that have signature authority to conduct various banking transactions that enable the System to conduct operations	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing Authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing Authority
			Louis Edwards	Treasurer	Existing Authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing Authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing Authority
University of Houston System	Investment Resolutions	Resolutions governing the purchase and sales of securities and similar investments for all Non-Endowed Funds at the University of Houston System. Resolutions governing the purchase and sale of securities and similar investments for the University of Houston System. Resolutions governing the sale, assignment, endorsement, transfer and delivery of gift securities for any component of the University of Houston System. Account Schedule Wells Fargo: debt service accounts (14), escrow accounts (3) Bayerische: bond proceeds accounts (1) Intermediate Investment Fund: investment accounts (4) Short Term Investment Fund: investment accounts (1)	Raymond Bartlett	Sr. Vice Chancellor for Admin. and Finance	Existing Authority
			Karin Livingston	Assoc. Vice Chancellor for Finance	Existing Authority
			Louis Edwards	Treasurer	Existing Authority
			Mary Mbeche	Assistant Treasurer	New authority
			Fred Burnett	Manager, Treasury Operations	Existing Authority
			Sheryl L. Smith	Manager, Cash & Bank Administration	Existing Authority
			Leslie Valadez	Financial Specialist-Treasury	New Authority
University of Houston System	TexPool Resolution	Resolution Amending Authorized Representatives. This resolution identifies the staff that have access to TexPool to retrieve investment reports, confirm deposits and request withdrawals. The System uses TexPool to invest its bond proceeds prior to reimbursement for construction projects. Account Schedule TexPool: bond and commercial paper proceeds accounts (11), bond cost of issuance accounts (5)	Louis Edwards	Treasurer	Existing Authority
			Mary Mbeche	Assistant Treasurer	New Authority
			Leslie Valadez	Financial Specialist-Treasury	New Authority

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

COMMITTEE: Finance and Administration

ITEM: Approval is requested to modify the University of Houston System Debt Policy and Master Swap Policy.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Mr. Raymond Bartlett will discuss with the Committee recommended changes to the UH System Debt Policy and Master Swap Policy. The changes include updates to provide additional risk controls, increased flexibility in required savings for refunding, and merging the Master Swap Policy into the Debt Policy.

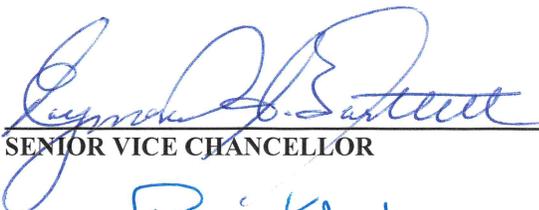
**SUPPORTING
DOCUMENTATION:**

UH System Endowment Debt Policy and UH System Master Swap Policy – redlined and clean consolidated copy

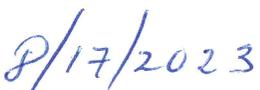
FISCAL NOTE: None

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

COMPONENT: University of Houston System



SENIOR VICE CHANCELLOR Raymond S. Bartlett



DATE



CHANCELLOR Renu Khator



DATE

THE BOARD OF REGENTS OF THE UNIVERSITY OF HOUSTON SYSTEM

DEBT POLICY As of May 18, 2023

Purpose

This policy governs the use of debt to finance capital projects within The University of Houston System (System). The prudent use of debt can help the System achieve its strategic objectives while maintaining a credit rating that appropriately balances financial flexibility with cost of capital. As provided in the Texas Education Code, the Board of Regents may establish a systemwide revenue financing program.

Financing Programs

The System issues debt through two primary programs: the Consolidated Revenue Financing Program (CRFP) and the Higher Education ~~Assistance~~-Fund (HEAF). This policy will govern the issuance of all System debt.

Consolidated Revenue Financing Program (CRFP) – This program was created by the Board of Regents of The University of Houston System (Board) through the adoption of a Master Resolution on April 15, 1990. The Board established this program for the System for the purpose of assembling the System’s revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to component institutions of the System and to maximize the financing options available to the Board.

Higher Education ~~Assistance~~-Fund (HEAF) - Article VII, Section 17 of the Texas Constitution authorizes the Board to issue bonds and notes secured by pledged revenues consisting of up to 50% of the money allocated annually to the Board. Bonds issued under this authority are typically referred to as HEAF bonds or constitutional appropriation bonds. The proceeds from the sale of HEAF bonds or notes may only be used to finance eligible projects as described in Article VII, Section 17 of the Texas Constitution including (i) acquiring land, constructing and equipping permanent improvements, major repair and rehabilitation of permanent improvements, acquiring capital equipment, library books and library materials, and refunding previously issued HEAF indebtedness; and (ii) major repair and rehabilitation of leased buildings or other permanent improvements, provided there is clean and adequate consideration to the System in the overall transaction, such as the existence of a lease of sufficient length to provide expected benefits which would justify the expenditure. The Texas Constitution prohibits the issuance of HEAF debt for maintenance, minor repairs, operating expenses, student housing, intercollegiate athletics, or auxiliary projects, except to the extent of a project’s use for educational and general activities. HEAF bonds and notes must be competitively bid and may not be issued for more than 10 years. ~~HEAF notes do not require competitive bidding.~~

Authority

All debt incurred by the System will be issued or incurred pursuant to resolutions approved by the Board and in accordance with the general laws of the State of Texas, including particularly Article VII, Sections 17 of the Texas Constitution, Chapter 55 of the *Texas Education Code*, and Chapters 1207 and 1371 of the *Texas Government Code*.

Before any debt can be issued, the System must obtain an opinion from nationally recognized bond counsel to the effect that the debt is a valid and legally binding obligation of the issuer, payable from the security described therein.

The System must also receive the necessary approval from the Texas Bond Review Board, as applicable, and the approving opinion of the Texas Attorney General.

~~To the extent required by law, Texas Higher Education Coordinating Board approval will be obtained for related if projects if project costs exceed the then existing thresholds for new construction or for rehabilitation (Texas Administrative Code §17.20 – 17.21). Debt funds will not be utilized issued for a project prior to receiving Texas Higher Education Coordinating Board approval, if required.~~

Goals

The System seeks to manage its debt within its overall financial profile as follows:

- Strategically allocate the System's debt capacity to those projects identified as priority projects that are critical to the mission; and that advance the strategic objectives of the System.
- Align the financial position of the System consistent with a targeted long-term bond rating in the "Aa2/AA" category in order to obtain favorable cost of capital, flexibility, and terms.

Debt Guidelines

Any debt must be issued in strict compliance with applicable law. The following debt guidelines will apply:

Project Funding - The System will borrow money, through the issuance of long-term debt, to finance only those projects that have been approved for financing by the Board. Capital projects are generally evaluated and prioritized through the System's Capital Improvement Program. For construction projects that require debt financing, bond proceeds will be provided only after design development approval and appropriation of funds ~~the project's site, programming and budget has been approved~~ by the Board. Short-term bridge financing may be issued to support the programming and design costs of a project prior to the availability of bond proceeds. for interim funding of projects to be approved by the Board.

Interest Rate Exposure - The Treasurer will evaluate and recommend to the ~~Executive~~ Senior Vice Chancellor for Administration and Finance the appropriate amount of its interest rate

exposure, defined as the possible increase in capital costs resulting from rising short-term interest rates, associated with variable rate debt. The System will limit its variable rate debt in accordance with rating agency guidelines for assessing the debt structure of peer institutions of higher education with comparable credit ratings. In determining the amount of variable rate debt, the Treasurer will evaluate the level of variable rate assets that may be available to provide a natural hedge to interest rate fluctuations. The System will seek to minimize its cost of capital within a prudent level of exposure to interest rate volatility. The System has established 30% as the maximum amount of outstanding debt that can be variable. ~~may~~ shall broadly target variable rate debt of 20-30% of total outstanding debt.

Amortization - The amortization of tax-exempt and taxable debt will be based on the types of assets financed, the expected availability of cash flows to meet debt service requirements, and tax regulations, and the Financing program. Generally, the amortization of tax-exempt and taxable debt should not exceed the useful life of the financed asset and, as relates to tax-exempt debt, ~~may~~ never exceed the Internal Revenue Service limit of 120% of the useful life of the financed asset.

- CRFP: The maximum maturity of CRFP debt is limited to 30 years from the projected completion of the projects being financed.
- HEF: The maximum maturity of HEAF debt is limited to 10 years by Article VII, Section 17 of the Texas Constitution.

Financial Ratios ~~— In evaluating its debt capacity (the ability to leverage financial resources to finance capital projects) and affordability (the ability to pay debt service on an annual basis), the System will consider current debt levels, future debt financings, and the overall financial health of the System and its Institutions, and the goal to at least maintain its short term and long term credit ratings.~~

The System Treasurer’s Office will annually calculate and benchmark ~~use selected the actual and pro forma~~ financial ratios; ~~consistent with used by the major credit rating agency~~ Nationally Recognized Statistical Ratings Organization ~~criteria~~, to ensure the System is operating within metrics comparable to institutions within the same long term credit rating ~~appropriate financial~~ bounds. The System will use peer higher education institutions and medians for the “Aa2/AA” category for comparison to its results. ~~Although other ratios may also be evaluated, the primary financial ratios to be analyzed are include below, and These ratios are will be calculated regardless with and without consideration of the effect of State appropriations for Capital Construction Assistance Project (TRB and CCAP) bond issuances.~~ ~~:-~~

~~the debt service coverage ratio:-~~

~~Net Operating Income for the System divided by Total Debt Service.~~

~~This ratio tracks the ability to cover debt service with operating revenues and indicates the strength of the operating income’s ability to meet its annual obligations.~~

~~the debt burden ratio:-~~

~~Total Annual Debt Service (long term and short term) divided by Net Operating Income~~

~~This ratio tracks the ability of the System to cover all debt from operating income.~~

~~and the debt to asset leverage ratio:-~~

~~Total Long Term and Short Term Debt divided by Total Assets~~

~~This ratio helps to identify the percentage of assets that are financed with debt.~~

the Spendable Cash and Investments to Debt ratio:

Cash and Investments Less Permanently Restricted Net Position divided by Total Long Term and Short Term debt

This ratio helps to identify the ability to repay debt from funds that can be accessed over time or for a specific purpose.—

Ratio trends and benchmarks will be compiled in summary format and provided to the System Senior Vice Chancellor for Administration and Finance.

Debt Financing Resources - Debt coverage is defined as Net Operating Income divided by Maximum Annual Debt Service.

Individual, non-gift, —revenue streams considered for proposed debt service must meet a minimum 1.15 debt coverage ratio test, unless the debt service is being supported by the State of Texas pursuant to the issued as externally funded (Tuition Revenue Bond or Capital Construction Assistance Project CCAP program. Bond)"tuition revenue" debt, In such in which case, it must meetthe debt coverage ratio requirement is a 1.00 debt coverage ratio testtimes.

Debt coverage is defined as

Net Operating Income divided by Maximum Annual Debt Service.

Capital projects funded by gift pledges cannot be considered for debt financing until unless signed pledge agreements and/or cash on hand is at least for 75% of the total project cost. The costs of borrowing will be addressed in the project pro-forma. plus expected interest expense exists at the time of issuance. Pledges are preferred to be paid within 5 years but may be for no longer than 10 years. Pledges received in excess of debt service requirements will first be used to cover unfunded portions of the project and then retained for future debt service needs.

coverage

Annually, all units with for all revenue stream-funded debt financing (including gift financed), will remit their current 10-year proforma to the System Treasurer's Office will obtain updated 10 year pro-forma financial reports that include:

A current year comparison of budget to actual results

Pro-forma estimates of the next nine years to confirm that revenue streams remain sufficient to maintain the required the debt coverage ratio

An explanation of how they will cover their next year's debt service will be covered if revenue streams are not sufficient

Pro-forma financial reports will be compiled in summary format, including revenue shortfalls and unit action plans, and provided to the System Senior Vice Chancellor for Administration and FinanceFinance.

Economies of Scale - Debt financings will be coordinated to the extent practical so that multiple project needs can be accommodated in a single borrowing, thereby increasing the efficiency of the debt issuance. Since many issuance costs do not vary with the size of a borrowing, a large bond issue increases the efficiency of the financing by spreading fixed costs over a greater number of projects.

Method of Sale – The System Senior Vice Chancellor for Administration and Finance shall determine the method of sale of bonds to be either competitive, negotiated or private placement. Generally, a competitive sale is the preferred method of sale but the other options may be appropriate because of project specifics or market conditions.

Refunding Opportunities - The Treasurer will consider refinancing of outstanding debt issues when net savings for that refinancing measured on a net present value basis are positive. As tax exempt advance-refunding allows for a maximum of 90 days escrow, Since there are limitations on the number of allowable refinancings, it is important to use refinancing opportunities wisely. In evaluating refunding opportunities, the Treasurer will consider the value of the call option to be exercised, including the amount of time to the call date and the amount of time from the call date to maturity. The System will generally use 54 to 5% net present value savings as its minimum threshold for determining the viability of a refunding under consideration. Refundings that do not produce savings or meet the minimum net present value savings threshold may be considered under certain circumstances, such as eliminating restrictive bond covenants or other situations that produce a greater benefit to the System.

Disclosure - The Treasurer will provide updated financial information and operating data and timely notice of specified material events to ~~each nationally recognized municipal securities information repository and any State information depository~~EMMA, pursuant to the System's continuing disclosure undertakings with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Tax Compliance - The Office of the Treasurer will monitor the System's ongoing responsibilities for tax compliance including monitoring funds for yield restriction and arbitrage rebate calculations. The Office will ensure that arbitrage areis timely calculated and paidremitted to the US Government as directed by the IRSas applicable in accordance with the Internal Revenue Code. Additionally, the Office of the Treasurer will monitor private use of any tax-exempt financed facilities, including contracts with private corporations or Federal or corporate sponsored research, and report to the Senior Vice Chancellor for Administration and Finance whenever private use of any bond issuance reaches 7% or greater.

Hedging Instruments - The Treasurer will consider and recommend to the Executive-Senior Vice Chancellor for Administration and Finance the use of interest rate swaps and other interest rate risk management tools after carefully evaluating the risks and benefits of any proposed transaction in accordance with the System's Interest Rate Swap Policy (see Appendix A). By_

using swaps in a prudent manner, the System ~~can~~ may be able to take advantage of market opportunities to minimize expected costs and manage interest rate risk. As outlined in the System's Interest Rate Swap Policy, the use of swaps must be tied directly to System debt instruments. The System will not enter into swap transactions for speculative purposes.

Project Financing - The Treasurer will consider and recommend to the ~~Executive Senior~~ Vice Chancellor for Administration and Finance the use of project financing in those limited circumstances where the benefits of such a transaction exceed the increased costs. Project financing can be a useful financing technique in certain circumstances; however, these transactions are typically less efficient and more costly than traditional financing due to lower credit ratings, fewer economies of scale, the likely covenant to establish funding of a reserve fund, and the cost of bond insurance. Project financing does not necessarily preserve or increase debt capacity relative to traditional financing. The Nationally Recognized Statistical Ratings Organizations credit rating agencies and the System include project debt ~~when assessing the System's debt capacity.~~ The amount of such debt to include in the System's debt capacity assessment will depend on various considerations as outlined by the Nationally Recognized Statistical Ratings Organizations.

Taxable Debt - The System may use taxable debt for those projects that have an intended use or other characteristics that preclude the use of tax-exempt debt. The System will strive to allocate its available resources, including equity capital, among its various capital projects to minimize or eliminate the need to issue taxable debt, thereby minimizing the System's cost of capital. Any use of taxable debt ~~would require separate~~ will be identified during Board approval and be subject to the same statutory requirements as tax-exempt debt.

Reporting Requirements - The Results of Financial Operations Report, which is based on Annual Financial Report (AFR) and budgetary information is prepared by the System and presented to the Board, and will present information the total on discuss the status of all outstanding bond and note indebtedness. ~~The AFR presented to the Board provides detailed information on the System's outstanding bonds and notes including, by series, the amount outstanding, interest rates, maturity dates, a summary of the changes in outstanding indebtedness, and the associated debt service requirements.~~

Commercial Paper – The System's commercial paper program is a short-term debt program used principally to ~~purchase equipment and to~~ provide interim financing for capital projects during construction. Commercial Paper issuances may not exceed the aggregate principal amount established authorized by the Board. The maximum amount of commercial paper that can mature in any single business day is \$20 million, and the maximum amount of commercial paper that can mature in any five consecutive business days is \$40 million, unless scheduled for repayment via the issuance of long term debt. The Senior Vice Chancellor for Administration and Finance will prioritize requests for the use of commercial paper.

~~The Executive Senior Vice Chancellor for Administration and Finance will prioritize requests for the use of commercial paper to fund equipment and capital projects. The minimum aggregate amount of equipment value to be financed under the commercial paper program is~~

~~\$100,000 for each System component. Several smaller equipment purchases may be commingled to achieve the minimum amount. Each piece of equipment must have a useful life of not less than three years. The equipment will be purchased from the vendor by System components, and commercial paper will be issued on any business day for direct acquisition or to reimburse the institution for the equipment purchases.~~

The System Office of the Treasurer is responsible for monitoring and reporting on the issuance of commercial paper, including rollover and payment of interest. Commercial Paper cannot be issued beyond the end of the next fiscal year unless there is an approved financing plan in place with the System Office of the Treasurer. The System Senior Vice Chancellor for Administration and Finance must approve all such financing plans. The commercial paper will be ~~amortized and paid to the System (by the System components) as directed by the System and will be fully amortized up to the lesser of its project useful life or 10 years. Commercial paper does not require competitive bidding, refinanced through the issuance of long term debt.~~ The System will be responsible for making timely payments to the paying agent as required by the commercial paper dealer in accordance with the related ~~bond~~ resolution.

~~All~~ The conversions of commercial paper notes to long-term indebtedness will be approved by the Board. The long term debt will be amortized and paid to the System as directed by the System. The System will be responsible for making timely payments to the paying agent as required by the related bond resolution and paying agent agreement.

Failed Remarketing Procedures – The Failed Remarketing Plan procedures, ~~as adopted by the Board provided in Exhibit A, will be~~ and administered by the Treasurer will be used in the event of a failed remarketing of commercial paper or variable rate demand bonds, as applicable.

Compliance – ~~Legal obligations must be met to help ensure good stewardship of the tax exempt bond benefit and~~ The System should ~~shall have appropriate regulations and procedures related to tax exempt commercial paper and bond compliance, including issuance, expenditure of proceeds, and post-issuance compliance consistent with regulations and statutes. The Senior Vice Chancellor for Administration and Finance, or ~~authorized~~ delegated representative of the System, is responsible for ~~assuring~~ nsuring that all bond covenants are in compliance and that all necessary approvals, certifications and authorizations are fully documented. ~~and made available to the Board and to all bondholders~~~~

The System Office of the Treasurer and The Office of the General Counsel will identify appropriate System staff and ensure that they receive training on compliance with policy and IRS regulations regarding debt financing.

Miscellaneous

- A. The ~~Executive~~ Senior Vice Chancellor for Administration and Finance, ~~or authorized representative of the System,~~ is delegated the authority to designate a financing team consisting of System staff, bond counsel, financial advisor and underwriters. ~~The Executive Vice Chancellor for Administration and Finance, or authorized representative of the System, is responsible for assuring that all bond covenants are in~~

~~compliance and that all necessary approvals, certifications and authorizations are fully documented and made available to the Board and to all bondholders.~~ The Chair of the Finance and Administration Committee and the Vice Chair of the Board of Regents are authorized to price bond issues.

- B. The Treasurer will take steps to effect the timely transfer of System funds for debt service payments and ensure that all payments are made.
- C. Debt service funding is the responsibility of each System component participating in the Consolidated Revenue Financing Program and the Higher Education Assistance Fund Program.
- D. The Treasurer or Designated Financial Officer is authorized and directed to execute Reimbursement Certificates as required by U.S. Treasury Regulations, Section 1.150-2, in connection with projects the Board intends to debt finance.

~~Approved: April 21, 2009 — March 11, April 4 2023~~

Appendix A – Swap Policy

To be consolidated

THE BOARD OF REGENTS OF THE UNIVERSITY OF HOUSTON SYSTEM

MASTER SWAP POLICY

As of May 18, 2023

1. The System

Texas Education Code chapter 55 and Texas Government Code chapter 1371 authorize the System to enter into interest rate swap transactions (~~“Swaps”~~) and related agreements (~~each a “Swap Agreements”, and collectively the “Swap Agreements”~~) with one or more counterparties (~~the each a “Swap Counterparty”, and collectively the “Swap Counterparties”~~). By resolution (a “Swap Resolution”), the Board of Regents (the “Board”) of the University of Houston System (the “System”), ~~upon receipt of a favorable recommendation of its Administration and Strategic Planning Committee (the “Committee”)~~, may authorize on a case-by-case basis one or more ~~Swaps and~~ Swap Agreements on behalf of the System.

Each Swap Resolution must authorize the ~~Swap and~~ Swap Agreements and their major provisions in substantially final form, including the notional amount of the Swap Agreements, security for and terms of payment of the Swap Agreements, and qualified Swap Counterparties. Each Swap Resolution must specify the appropriate System official or officials (the “System Authorized Representative”) authorized to modify and complete the Swap Agreements, and specify the parameters for modification and final acceptance of the ~~Swap and~~ Swap Agreements. If the Swap Resolution and the Master Swap Policy conflict, then terms and conditions of the Swap Resolution control.

2. Purpose

~~The purpose of the Policy is to establish responsibilities, objectives, and guidelines for the approval, execution and maintenance of Interest Rate Risk Management Transactions~~ Swap Agreements used to manage the debt portfolio of the System. A Swap Agreement may be an integral part of the System’s asset/liability and debt management strategy. By ~~utilizing~~ using Swap Agreements, the System ~~can expeditiously~~ may be able to take advantage of market opportunities ~~which to~~ reduce the costs of existing or planned Consolidated Revenue Financing Program (CRFP) debt ~~or allow the System to , or can~~ hedge the interest rate of existing or planned CRFP debt. Swap Agreements ~~can~~ allow the System to actively manage asset and liability interest rate risk, balance financial risk, and achieve debt management goals and objectives through synthetic fixed rate and variable rate financing structures. The System will not enter into Swap Agreements for speculative purposes.

3. General Guidelines for Interest Rate Swap Agreements

The following ~~non-exclusive list provides~~ are guidelines the System will follow in the

evaluation and recommendation of Swap ~~transactions~~Agreements:

3.1. Legality

Each ~~Swap and~~ Swap Agreement must comply with Texas and federal law, and must not conflict with the material provisions and covenants of existing System resolutions, indentures or contracts. Each Swap Agreement governing a Swap transaction must be: 1) approved by_

the Board by a Swap Resolution; 2) approved by the Texas Attorney General in accordance with Texas Government Code chapter 1371; 3) ~~approved by the Texas Bond Review Board;~~ and 4) ~~be~~ accompanied upon delivery by an opinion acceptable to a System Authorized Representative from nationally recognized bond counsel to the effect that the Swap Agreement ~~governing the Swap~~ is a legal, valid, and binding obligation entered into by the System in accordance with applicable State and federal laws.

3.2. Goals

The Swap Resolution should clearly state the goals to be achieved through the use of any swap Swap Agreement contract and any Swap Agreement the execution parameters should be consistent with the System's stated goals.

3.3. Nationally Recognized Statistical Ratings Organizations Rating Agencies

Execution of a Swap Agreement may not adversely impact any existing System credit rating without express consent of the Board. A contemplated Swap Agreement must conform to and may not conflict with the System's outstanding commitments or agreements with bond insurers, credit enhancers, surety providers and the System's liquidity requirements related to outstanding debt.

3.4. Term

The System will determine on a case-by-case basis the appropriate term for a Swap Agreement. However, the term of a Swap Agreement entered into for liability management purposes may not extend beyond the final maturity date of the underlying debt.

3.5. Impact on Variable Rate Capacity

The impact of a Swap Agreement on the System's variable rate debt exposure and the impact on the System's continued issuance of traditional variable rate products should be assessed before execution of any Swap Agreement. The Treasurer, with input from the System's financial advisor, will estimate the amount of basis risk and optional termination risk associated with a Swap Agreement (taking into account such risk from existing Swap Agreements Swaps) and include the estimate in the calculation of the System's total variable rate exposure.

3.6. Enhancements

If authorized by Texas law, the System may utilize other swap enhancement products, including but not limited to forward starting swaps, swap options, basis swaps, caps, floors, collars, and cancellation options, provided that such products are approved in accordance with Section 7 – Form of Swap Agreements and Other Documentation. The costs, benefits, and other matters regarding the swap enhancement should be considered during the approval process. Execution of swap option agreements in which the System receives up-front cash are prohibited.

3.7. Accounting Compliance

The impact of compliance with prevailing accounting principles must be disclosed in the System's annual financial reports.

3.8. Exit Strategy

The mechanics for determining termination values at various times and upon various occurrences must be explicit in each Swap Agreement. The potential termination costs should be considered ~~by the Committee~~ before recommending to the Board approval of a Swap Resolution.

4. Basis of Award

4.1. Competitive Bid

Competitively bid Swap Agreementss are deemed "quasi-competitive" and must include bona fide solicitations for bids from no fewer than three firms. Solicitations for bids must be made only to potential Swap Counterparties who are qualified under the terms of this policy. ~~If in the best interest of the System, and if authorized in the Swap Resolution, the System Authorized Representative may allow a firm or firms not submitting the bid that produces the lowest cost to match the lowest cost bid and be awarded up to 40% of the notional amount of the Swap Agreement.~~

4.2. Negotiated Transactions

In the case of a purely negotiated transaction, the System should obtain a "fair value opinion" from a swap advisor selected by the System that is regulated by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, which may be the System's financial advisor (the "Swap Advisor"). The Swap Counterparty must disclose payments to third parties regarding the execution of any derivative contract.

A System Authorized Representative may procure a Swap Agreement by negotiation in the following situations, in each instance as authorized in the Swap Resolution:

- 4.2.1. The System Authorized Representative determines that due to the complexity of a particular transaction, a negotiated bid will result in the most favorable pricing.
- 4.2.2. A System Authorized Representative determines that, in light of the facts and circumstances, a negotiated transaction will promote the System's interests by encouraging and rewarding innovation.

5. Management of Swap Agreement Transaction Risk

Swap Agreements with numerous Counterparties create risks for the System. To manage the associated risks, the following risks and related guidelines and parameters must be considered

| for each Swap [Agreement](#):

5.1. Counterparty Risk

Limiting the exposure caused by a concentration of Swap Agreements between the System and any single Swap Counterparty reduces losses which may result from a Swap Counterparty default. In addition, the System may require under the terms of a Swap Agreement the posting of mark-to-market collateral by any Swap Counterparty, as requested by the System, in accordance with the guidelines described in Section 6.3 – Collateral Requirements.

5.2. Termination Risk

5.2.1. *Optional Termination:*

The System will retain the right to terminate a Swap Agreement at any time during the term of the Swap Agreement at the then-prevailing market value of the Swap Agreement. In general, exercising the right to optionally terminate a Swap Agreement should produce a benefit to the System, either through receipt of a payment from a termination, or if a termination payment is made by the System, through conversion to a more beneficial debt position. Termination value must be readily determinable by one or more independent Swap Counterparties, who may assume the System's obligations under the Swap Agreement. A Swap Counterparty shall not have the option to terminate the Swap Agreement.

5.2.2. *Mandatory Termination:*

A termination payment may be required if a Swap Agreement is terminated for any reason. It is the intent of the System to review all available options prior to effecting a termination or making any termination payment. At a minimum, prior to making any termination payment, the System must have sufficient time to determine whether it is financially advantageous to obtain a replacement Swap Counterparty.

5.3. Amortization Risk (Term)

The slope of the swap curve, the marginal change in swap rates from year to year along the swap curve, termination value, and the impact that the term of the ~~swap~~ Swap Agreement has on the overall risk exposure of the System should be considered in determining the appropriate term of any Swap Agreement. Any Swap Agreement designated as a hedge should reflect the amortization of the debt that it is hedging.

5.4. Liquidity Risk

The System should consider if the swap market is sufficiently liquid (i.e., if enough potential qualified Swap Counterparties participate actively in the market to assure fair pricing) for the type of Swap Agreement or other product being considered and the potential ramifications of an illiquid market for such types of Swap Agreements. There may not be another appropriate party available to act as an offsetting Swap Counterparty.

5.5. Basis (Index) Risk (including Tax Risk)

Any index chosen as part of a Swap Agreement must be a recognized market index, including but not limited to The Securities Industries and Financial Markets Association Municipal Swap Index (SIFMA) or London Interbank Offering Rate (LIBOR).

The System will not enter into Swap Agreements that do not have a direct (one to one) correlation with the movement of an index without analyzing the risk associated with the enhancement.

The tax risk and impact to the System of each Swap Agreement should be detailed through the Swap Counterparty disclosure requirements outlined in Section 7 – Form of Swap Agreements and Other Documentation.

5.6. Bankruptcy Risk

Bond or swap counsel will be specifically engaged to review for the System the legal issues arising from the bankruptcy of a Swap Counterparty under a Swap Agreement or other product. Specifically, such bond or swap counsel will be engaged to review for the System the bankruptcy issues associated with the method of holding any collateral required to be posted.

6. Counterparty Approval Guidelines

6.1. Eligibility

The System may enter into Swaps Agreements only with eligible Swap Counterparties. To qualify as a Swap Counterparty under this policy, ~~at the time when a Swap Agreement is delivered~~ ~~executed~~ by the System, a proposed Swap Counterparty (i) must be rated at least AA-/Aa3/AA- by at least two of the three Nationally Recognized Statistical Ratings Organizations ~~nationally recognized credit rating agencies~~ (Standard & Poor's, Moody's, and Fitch Ratings, respectively) and must have a minimum capitalization of \$50 million, or (ii) must be rated at least BBB-/Baa3/BBB- by two of the three Nationally Recognized Statistical Ratings Organizations ~~nationally recognized credit rating agencies~~ and provide a credit support annex ("CSA") to the schedule to the ISDA master agreement that requires such party to deliver to a third party under an escrow, collateral or similar agreement collateral for the benefit and security of the System (a) that is of a kind and in such amounts as are specified therein and which relate to various rating threshold levels of the Swap Counterparty or its guarantor, from AA-/Aa3/AA- through BBB-/Baa3/BBB-, (b) that, in the judgment of the System, is reasonable and customary for similar transactions, taking into account all aspects of such transaction including without limitation the economic terms of such transaction and the creditworthiness of the Swap Counterparty or, if applicable, its guarantor; and

(c) complies with any security requirements applicable to the System under Texas law, or (iii) must obtain credit enhancement from a provider with respect to its obligations under the transaction that satisfies the requirements of clause (i) of this paragraph, given the undertaking involved with the particular transaction.

Before execution ~~delivery~~ of the Swap Agreement by the System, the Swap Counterparty must

make available audited financial statements and rating and credit reports of the [Swap Counterparty](#) ~~(and~~

(and any guarantor), and must identify to the best of its ability the amount and type of its derivative exposure and the net aggregate amount of its exposure to all parties (the System and others). The Swap Counterparty must agree in the Swap Agreement (and any guarantor must agree) that it will provide such financial statements and rating and credit reports to the System at least annually thereafter.

6.2. Swap Counterparty Exposure Limits and Transfer

In order to limit and diversify the System’s Swap Counterparty risk and to monitor credit exposure to each Swap Counterparty, the System will not enter into an ~~interest rate s~~Swap Agreement with a qualified Swap Counterparty if the following exposure limits are reached per Swap Counterparty:

- 6.2.1. As a percent of total outstanding debt, the maximum notional amount of Swap Agreements between a particular Swap Counterparty (and its unconditional guarantor, if applicable) and the System must not exceed 25% immediately after a proposed Swap would be delivered by the System. The net exposure total of all notional amounts between each Swap Counterparty and the System must include the total amount of System debt outstanding and authorized. As such, notional amounts for fixed to floating Swap Agreementsswaps may be used to “offset” the notional amounts for floating to fixed Swap Agreementsswaps, or vice-versa. Exposure limit calculations are net of insured termination payments.

Additionally, the System must not enter into a Swap Agreement with an otherwise qualified Swap Counterparty unless the cumulative mark-to-market termination value owed by the Swap Counterparty (and its unconditional guarantor, if applicable) to the System at the time of calculation is less than or equal to \$30 million. The \$30 million limitation is the sum of all mark-to-market values between the qualified Swap Counterparty and the System regardless of the type of Swap Counterparty or other similar product, net of collateral posted by the Swap Counterparty. Specific limits by any Swap Counterparty are based on the cumulative mark-to-market value of the Swap Agreement(s)(s) or other similar products and the credit rating of the Swap Counterparty. The limits are as follows:

<u>Swap</u> Counterparty Long-Term Debt Rating (lowest prevailing rating from Standard & Poor’s / Moody’s)	Maximum Cumulative Mark-to-Market Value of Swaps Owed to System by <u>Swap</u> Counterparty (net of collateral posted)
AAA / Aaa	\$30 million
AA+ / Aa1	\$25 million
AA / Aa2	\$20 million
AA- / Aa3	\$15 million
A+ / A1	\$10 million
A / A2	\$5 million

If a Swap Counterparty’s credit rating is downgraded such that the cumulative mark-to-market value of all Swap Agreements or other similar products between the Swap

Counterparty and the System exceeds the maximum permitted by this policy, the [Swap Agreement](#) or similar product, post collateral securing the deficit as provided in_

the Swap Agreement, or provide other credit enhancement that is satisfactory to the System and ensures compliance with this policy.

Before execution/delivery of a Swap Agreement by the System, a Swap Advisor must provide a memorandum setting forth the exposure limit calculation, which will become a part of the official transcript for the transaction. Exposure limits will be reviewed by the Committee Board at least annually.

6.2.2. Limitations on transfers of Swap Agreements by a particular Swap Counterparty should be carefully analyzed. If the Swap Agreement unilaterally restricts transfer or assignment, then the System must have the right to terminate the Swap Agreement without penalty if the Swap Counterparty transfers or assigns the Swap Agreement or the Swap Counterparty merges with another entity that changes the credit profile of the Swap Counterparty, unless the System gives its prior written consent to the transfer, assignment, or merger.

6.2.3. If the maximum notional limit for a particular Swap Counterparty is exceeded solely by reason of merger or acquisition involving two or more Swap Counterparties, the System will expeditiously analyze the exposure, but is not be required to “unwind” existing Swap Agreements unless the System determines that such action is in its best interest, given all the facts and circumstances.

6.2.4. If any exposure limit is breached by a Swap Counterparty, then the System will:

- 6.2.4.1. Conduct a review of the exposure limit calculation of the Swap Counterparty;
- 6.2.4.2. Determine if collateral may be posted to satisfy the exposure limits; and
- 6.2.4.3. Subject to the terms of this policy, enter into an offsetting Swap Agreement, if appropriate.

6.2.5. The System will not enter into contracts with derivative product companies (“DPCs”) that are classified as “terminating” or “Sub-T” DPC’s by the Nationally Recognized Statistical Ratings Organizations/rating agencies.

6.3. Collateral Requirements

Collateral posting requirements between the System and each Swap Counterparty may not be unilateral in favor of the Swap Counterparty. As part of the Swap Agreement, the System or the Swap Counterparty may require collateralization to secure any or all swap payment obligations. Collateral requirements will be subject to the following guidelines:

6.3.1. A Swap Agreement may not impose Collateral requirements on the System if the requirements would impair the System’s existing operational flow of funds.

6.3.2. Each [Swap](#) Counterparty must provide a form of a Credit Support Annex in accordance with Section 6.

- 6.3.3. A list of acceptable securities that may be posted as collateral and the method of valuation of such collateral will be determined and mutually agreed upon with each [Swap Counterparty](#) during negotiation of the Swap Agreement.
- 6.3.4. The market value of the collateral must be determined as provided in the Swap Agreement on either a daily, weekly, or monthly basis by an independent third party.
- 6.3.5. Failure to meet collateral requirements will be a default under the Swap Agreement.
- 6.3.6. The Swap Agreement may provide for the right of assignment by one of the parties in the event of certain credit rating events affecting the other party. The System (or the [Swap Counterparty](#)) should first request that the [Swap Counterparty](#) (or the System) post credit support or provide a credit support facility. If the [Swap Counterparty](#) (or the System) does not provide the required credit support, then the System (or the [Swap Counterparty](#)) should have the right to assign the agreement to a third party acceptable to both parties and based on terms mutually acceptable to both parties. The credit rating thresholds to trigger an assignment should be included in the supporting documents.

7. Form of Swap Agreements and Other Documentation

Each Swap Agreement must contain terms and conditions as set forth in the International Swap & Derivatives Association, Inc. (“ISDA”) Master Agreement and such other terms and conditions included in any schedules, confirmations, and credit support annexes as approved in accordance with the Swap Resolution authorizing that transaction. The Swap Advisor must provide a disclosure memorandum that includes an analysis by the Swap Advisor of the risks and benefits of the transactions, with amounts quantified. This analysis will include, among other things, a matrix of maximum termination values over the life of the [Swap Agreement](#). The disclosure memorandum will become a part of the official transcript for the transaction. The Swap Advisor must also affirm receipt and understanding of the System’s [statement of swap policies](#) [Master Swap Policy](#) and must further affirm that the contemplated transactions fit within [its the swap](#) policies as described herein.

7.1. Modification of Swap [Agreements](#)

Each Swap Resolution must provide specific approval guidelines for the Swap [Agreements](#) to which it pertains. These guidelines will provide for modifications to any approved Swap [Agreements](#), provided such modifications, unless considered and ~~recommended~~ [approved](#) by the Board, do not extend the average life of the Swap [Agreement](#), increase the overall risk to the System, or increase the notional amount of the Swap [Agreement](#). The Swap Resolution must further designate which System officers are authorized to cause such modifications.

7.2. Aggregation of Swap [Agreements](#)

Unless the Swap Resolution states otherwise, the approval requirements set forth in each Swap Resolution are applicable for the total notional amount of transactions executed over a

consecutive three-month period for a given security or credit. Therefore, the notional amount of Swap [Agreements](#) including the average life of the [Swap Agreements](#) over a consecutive three-month period are considered in total (net of the notional amount of a Swap [Agreement](#) reversal) to determine what approval is required pursuant to a particular Swap Resolution.

8. **Reporting Requirements**

In the event the System has any outstanding swap instruments, The [Senior](#) Vice Chancellor for Administration and Finance will provide an annual ~~written~~ report to the Board which addresses at least the following items:

- 8.1. The terms of any outstanding Swaps [Agreements](#);
- 8.2. State the fair value of each Swap [Agreement](#);
- 8.3. State the value of any collateral posted to or by the System under any Swap [Agreements](#) with each [Swap](#) Counterparty at the end of the fiscal year and the cash flows of any Swap [Agreement](#);
- 8.4. Identify the [Swap](#) Counterparties to any Swap [Agreement](#), any guarantor of any [Swap](#) Counterparties, and the credit ratings of any [Swap](#) Counterparty and guarantor; and
- 8.5. Determine whether the continuation of any Swap [Agreements](#) under the agreement would comply with the System's ~~interest rate management agreement~~ [policy](#) [Master Swap Policy](#)

~~Approved: TBD~~
~~November 15, 2007~~

THE BOARD OF REGENTS OF THE UNIVERSITY OF HOUSTON SYSTEM

DEBT POLICY As of May 18, 2023

Purpose

This policy governs the use of debt to finance capital projects within The University of Houston System (System). The prudent use of debt can help the System achieve its strategic objectives while maintaining a credit rating that appropriately balances financial flexibility with cost of capital. As provided in the Texas Education Code, the Board of Regents may establish a systemwide revenue financing program.

Financing Programs

The System issues debt through two primary programs: the Consolidated Revenue Financing Program (CRFP) and the Higher Education Fund (HEF). This policy will govern the issuance of all System debt.

Consolidated Revenue Financing Program (CRFP) – This program was created by the Board of Regents of The University of Houston System (Board) through the adoption of a Master Resolution on April 15, 1990. The Board established this program for the System for the purpose of assembling the System’s revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to component institutions of the System and to maximize the financing options available to the Board.

Higher Education Fund (HEF) - Article VII, Section 17 of the Texas Constitution authorizes the Board to issue bonds and notes secured by pledged revenues consisting of up to 50% of the money allocated annually to the Board. Bonds issued under this authority are typically referred to as HEF bonds or constitutional appropriation bonds. The proceeds from the sale of HEF bonds or notes may only be used to finance eligible projects as described in Article VII, Section 17 of the Texas Constitution including (i) acquiring land, constructing and equipping permanent improvements, major repair and rehabilitation of permanent improvements, acquiring capital equipment, library books and library materials, and refunding previously issued HEF indebtedness; and (ii) major repair and rehabilitation of leased buildings or other permanent improvements, provided there is clean and adequate consideration to the System in the overall transaction, such as the existence of a lease of sufficient length to provide expected benefits which would justify the expenditure. The Texas Constitution prohibits the issuance of HEF debt for maintenance, minor repairs, operating expenses, student housing, intercollegiate athletics, or auxiliary projects, except to the extent of a project’s use for educational and general activities. HEF bonds and notes must be competitively bid and may not be issued for more than 10 years.

Authority

All debt incurred by the System will be issued or incurred pursuant to resolutions approved by the Board and in accordance with the general laws of the State of Texas, including particularly Article VII, Sections 17 of the Texas Constitution, Chapter 55 of the *Texas Education Code*, and Chapters 1207 and 1371 of the *Texas Government Code*.

Before any debt can be issued, the System must obtain an opinion from nationally recognized bond counsel to the effect that the debt is a valid and legally binding obligation of the issuer, payable from the security described therein.

The System must also receive the necessary approval from the Texas Bond Review Board, as applicable, and the approving opinion of the Texas Attorney General.

Goals

The System seeks to manage its debt within its overall financial profile as follows:

- Strategically allocate the System's debt capacity to those projects identified as priority projects that are critical to the mission and that advance the strategic objectives of the System.
- Align the financial position of the System consistent with a targeted long-term bond rating in the "Aa2/AA" category in order to obtain favorable cost of capital, flexibility, and terms.

Debt Guidelines

Any debt must be issued in strict compliance with applicable law. The following debt guidelines will apply:

Project Funding - The System will borrow money, through the issuance of long-term debt, to finance only those projects that have been approved for financing by the Board. Capital projects are generally evaluated and prioritized through the System's Capital Improvement Program. For construction projects that require debt financing, bond proceeds will be provided only after the project's site, program and budget has been approved by the Board. Short-term financing may be issued to support the programming and design costs of a project prior to the availability of bond proceeds.

Interest Rate Exposure - The Treasurer will evaluate and recommend to the Senior Vice Chancellor for Administration and Finance the appropriate amount of its interest rate exposure, defined as the possible increase in capital costs resulting from rising short-term interest rates, associated with variable rate debt. The System will limit its variable rate debt in accordance with rating agency guidelines for assessing the debt structure of peer institutions of higher education with comparable credit ratings. In determining the amount of variable rate debt, the Treasurer will evaluate the level of variable rate assets that may be available to provide a natural

hedge to interest rate fluctuations. The System will seek to minimize its cost of capital within a prudent level of exposure to interest rate volatility.

Amortization - The amortization of tax-exempt and taxable debt will be based on the types of assets financed, the expected availability of cash flows to meet debt service requirements, tax regulations, and the Financing program. Generally, the amortization of tax-exempt and taxable debt should not exceed the useful life of the financed asset and, as relates to tax-exempt debt, may never exceed the Internal Revenue Service limit of 120% of the useful life of the financed asset.

- CRFP: The maximum maturity of CRFP debt is limited to 30 years from the projected completion of the projects being financed.
- HEF: The maximum maturity of HEF debt is limited to 10 years by Article VII, Section 17 of the Texas Constitution.

Financial Ratios – In evaluating its debt capacity and affordability, the System will consider current debt levels, future debt financings, and the goal to at least maintain its short term and long term credit ratings.

The System Treasurer's Office will annually calculate and benchmark the financial ratios used by the Nationally Recognized Statistical Ratings Organization to ensure the System is operating within metrics comparable to institutions within the same long term credit rating . These ratios arecalculated with and without consideration of the effect of state appropriations for Capital Construction Assistance Project (CCAP) bond issuances. Ratio trends and benchmarks will be compiled in summary format and provided to the System Senior Vice Chancellor for Administration and Finance.

Debt Financing Resources - Debt coverage is defined as Net Operating Income divided by Maximum Annual Debt Service.

Individual, non-gift, revenue streams considered for proposed debt service must meet a minimum 1.15 debt coverage ratio test, unless the debt service is supported by the State of Texas pursuant to the CCAP program. In such case, the debt coverage ratio requirement is 1.00 times. Capital projects funded by gift pledges cannot be considered for debt financing until signed pledge agreements and/or cash on hand is at least 75% of the total project cost. The costs of borrowing will be addressed in the project pro-forma. Pledges are preferred to be paid within 5 years but may be for no longer than 10 years. Pledges received in excess of debt service requirements will first be used to cover unfunded portions of the project and then retained for future debt service needs.

Annually, all units with revenue funded debt financing (including gift financed), will remit their current 10-year proforma to the System Treasurer's Office

Pro-forma financial reports will be compiled in summary format, including revenue shortfalls and unit action plans, and provided to the System Senior Vice Chancellor for Administration and Finance.

Economies of Scale - Debt financings will be coordinated to the extent practical so that multiple

project needs can be accommodated in a single borrowing, thereby increasing the efficiency of the debt issuance. Since many issuance costs do not vary with the size of a borrowing, a large bond issue increases the efficiency of the financing by spreading fixed costs over a greater number of projects.

Method of Sale – The System Senior Vice Chancellor for Administration and Finance shall determine the method of sale of bonds to be either competitive, negotiated or private placement. Generally, a competitive sale is the preferred method of sale but the other options may be appropriate because of project specifics or market conditions.

Refunding Opportunities - The Treasurer will consider refinancing of outstanding debt issues when net savings for that refinancing measured on a net present value basis are positive. As tax exempt refunding allows for a maximum of 90 days escrow, it is important to use refinancing opportunities wisely. In evaluating refunding opportunities, the Treasurer will consider the value of the call option to be exercised, including the amount of time to the call date and the amount of time from the call date to maturity. The System will generally use 4% to 5% net present value savings as its minimum threshold for determining the viability of a refunding under consideration. Refundings that do not produce savings or meet the minimum net present value savings threshold may be considered under certain circumstances, such as eliminating restrictive bond covenants or other situations that produce a greater benefit to the System.

Disclosure - The Treasurer will provide updated financial information and operating data and timely notice of specified material events to EMMA, pursuant to the System's continuing disclosure undertakings with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Tax Compliance - The Office of the Treasurer will monitor the System's ongoing responsibilities for tax compliance including monitoring funds for yield restriction and arbitrage rebate calculations. The Office will ensure that arbitrage is timely calculated and remitted to the US Government as applicable in accordance with the Internal Revenue Code. Additionally, the Office of the Treasurer will monitor private use of any tax-exempt financed facilities, including contracts with private corporations or Federal or corporate sponsored research, and report to the Senior Vice Chancellor for Administration and Finance whenever private use of any bond issuance reaches 7% or greater.

Hedging Instruments - The Treasurer will consider and recommend to the Senior Vice Chancellor for Administration and Finance the use of interest rate swaps and other interest rate risk management tools after carefully evaluating the risks and benefits of any proposed transaction in accordance with the System's Interest Rate Swap Policy (see Appendix A). By using swaps in a prudent manner, the System may be able to take advantage of market opportunities to minimize expected costs and manage interest rate risk. As outlined in the System's Interest Rate Swap Policy, the use of swaps must be tied directly to System debt instruments. The System will not enter into swap transactions for speculative purposes.

Project Financing - The Treasurer will consider and recommend to the Senior Vice Chancellor for Administration and Finance the use of project financing in those limited circumstances

where the benefits of such a transaction exceed the increased costs. Project financing can be a useful financing technique in certain circumstances; however, these transactions are typically less efficient and more costly than traditional financing due to lower credit ratings, fewer economies of scale, the likely covenant to establish a reserve fund, and the cost of bond insurance. Project financing does not necessarily preserve or increase debt capacity relative to traditional financing. The Nationally Recognized Statistical Ratings Organizations and the System include project debt when assessing the System's debt capacity. The amount of such debt to include in the System's debt capacity assessment will depend on various considerations as outlined by the Nationally Recognized Statistical Ratings Organizations.

Taxable Debt - The System may use taxable debt for those projects that have an intended use or other characteristics that preclude the use of tax-exempt debt. The System will strive to allocate its available resources, including equity capital, among its various capital projects to minimize or eliminate the need to issue taxable debt, thereby minimizing the System's cost of capital. Any use of taxable debt will be identified during Board approval and be subject to the same statutory requirements as tax-exempt debt.

Reporting Requirements - The Results of Financial Operations Report, which is based on Annual Financial Report (AFR) and budgetary information is prepared by the System and presented to the Board, and will present the total outstanding bond and note indebtedness.

Commercial Paper – The System's commercial paper program is a short-term debt program used principally to provide interim financing for capital projects during construction. Commercial Paper issuances may not exceed the aggregate principal amount authorized by the Board. The maximum amount of commercial paper that can mature in any single business day is \$20 million, and the maximum amount of commercial paper that can mature in any five consecutive business days is \$40 million, unless scheduled for repayment via the issuance of long term debt. The Senior Vice Chancellor for Administration and Finance will prioritize requests for the use of commercial paper.

The System Office of the Treasurer is responsible for monitoring and reporting on the issuance of commercial paper, including rollover and payment of interest. Commercial Paper cannot be issued beyond the end of the next fiscal year unless there is an approved financing plan in place with the System Office of the Treasurer. The System Senior Vice Chancellor for Administration and Finance must approve all such financing plans. The commercial paper will be refinanced through the issuance of long term debt. The System will be responsible for making timely payments to the paying agent as required by the commercial paper dealer in accordance with the related resolution.

The conversion of commercial paper notes to long-term indebtedness will be approved by the Board. The long term debt will be amortized and paid to the System as directed by the System. The System will be responsible for making timely payments to the paying agent as required by the related bond resolution and paying agent agreement.

Failed Remarketing Procedures – The Failed Remarketing Plan procedures, as provided in

Exhibit A, will be administered by the Treasurer in the event of a failed remarketing of commercial paper or variable rate demand bonds, as applicable.

Compliance – The System shall have appropriate procedures related to tax exempt commercial paper and bond compliance, including issuance, expenditure of proceeds, and post-issuance compliance consistent with regulations and statutes. The Senior Vice Chancellor for Administration and Finance, or delegated representative of the System, is responsible for ensuring that all bond covenants are in compliance and that all necessary approvals, certifications and authorizations are fully documented.

The System Office of the Treasurer and The Office of the General Counsel will identify appropriate System staff and ensure that they receive training on compliance with policy and IRS regulations regarding debt financing.

Miscellaneous

- A. The Senior Vice Chancellor for Administration and Finance is delegated the authority to designate a financing team consisting of System staff, bond counsel, financial advisor and underwriters. The Chair of the Finance and Administration Committee and the Vice Chair of the Board of Regents are authorized to price bond issues.
- B. The Treasurer will take steps to effect the timely transfer of System funds for debt service payments and ensure that all payments are made.
- C. Debt service funding is the responsibility of each System component participating in the Consolidated Revenue Financing Program and the Higher Education Fund Program.
- D. The Treasurer or Designated Financial Officer is authorized and directed to execute Reimbursement Certificates as required by U.S. Treasury Regulations, Section 1.150-2, in connection with projects the Board intends to debt finance.

Appendix A – Master Swap Policy

1. The System

Texas Education Code chapter 55 and Texas Government Code chapter 1371 authorize the System to enter into interest rate swap transactions and related agreements (each a “Swap Agreement”, and collectively the “Swap Agreements”) with one or more counterparties (each a “Swap Counterparty”, and collectively the “Swap Counterparties”). By resolution (a “Swap Resolution”), the Board of Regents (the “Board”) of the University of Houston System (the “System”), may authorize on a case-by-case basis one or more Swap Agreements on behalf of the System.

Each Swap Resolution must authorize the Swap Agreements and their major provisions in substantially final form, including the notional amount of the Swap Agreements, security for and terms of payment of the Swap Agreements, and qualified Swap Counterparties. Each Swap Resolution must specify the appropriate System official or officials (the “System Authorized Representative”) authorized to modify and complete the Swap Agreements, and specify the parameters for modification and final acceptance of the Swap Agreements. If the Swap Resolution and the Master Swap Policy conflict, then terms and conditions of the Swap Resolution control.

2. Purpose

The purpose of the Policy is to establish responsibilities, objectives, and guidelines for the approval, execution and maintenance of Swap Agreements used to manage the debt portfolio of the System. A Swap Agreement may be an integral part of the System’s asset/liability and debt management strategy. By using Swap Agreements, the System may be able to take advantage of market opportunities which reduce the costs of existing or planned Consolidated Revenue Financing Program (CRFP) debt or allow the System to hedge the interest rate of existing or planned CRFP debt. Swap Agreements can allow the System to actively manage asset and liability interest rate risk, balance financial risk, and achieve debt management goals and objectives through synthetic fixed rate and variable rate financing structures. The System will not enter into Swap Agreements for speculative purposes.

3. General Guidelines for Interest Rate Swap Agreements

The following are guidelines the System will follow in the evaluation and recommendation of Swap Agreements:

3.1. Legality

Each Swap Agreement must comply with Texas and federal law, and must not conflict with the material provisions and covenants of existing System resolutions, indentures or contracts. Each Swap Agreement governing a Swap transaction must be: 1) approved by the Board by a Swap Resolution; 2) approved by the Texas Attorney General in accordance with Texas Government Code chapter 1371; 3) accompanied upon delivery by an opinion acceptable to a System

Authorized Representative from nationally recognized bond counsel to the effect that the Swap Agreement is a legal, valid, and binding obligation entered into by the System in accordance with applicable State and federal laws.

3.2. Goals

The Swap Resolution should clearly state the goals to be achieved through the use of any Swap Agreements and any Swap Agreement execution parameters should be consistent with the System's stated goals.

3.3. Nationally Recognized Statistical Ratings Organizations

Execution of a Swap Agreement may not adversely impact any existing System credit rating without express consent of the Board. A contemplated Swap Agreement must conform to and may not conflict with the System's outstanding commitments or agreements with bond insurers, credit enhancers, surety providers and the System's liquidity requirements related to outstanding debt.

3.4. Term

The System will determine on a case-by-case basis the appropriate term for a Swap Agreement. However, the term of a Swap Agreement entered into for liability management purposes may not extend beyond the final maturity date of the underlying debt.

3.5. Impact on Variable Rate Capacity

The impact of a Swap Agreement on the System's variable rate debt exposure and the impact on the System's continued issuance of traditional variable rate products should be assessed before execution of any Swap Agreement. The Treasurer, with input from the System's financial advisor, will estimate the amount of basis risk and optional termination risk associated with a Swap Agreement (taking into account such risk from existing Swap Agreements) and include the estimate in the calculation of the System's total variable rate exposure.

3.6. Enhancements

If authorized by Texas law, the System may utilize other swap enhancement products, including but not limited to forward starting swaps, swap options, basis swaps, caps, floors, collars, and cancellation options, provided that such products are approved in accordance with Section 7 – Form of Swap Agreements and Other Documentation. The costs, benefits, and other matters regarding the swap enhancement should be considered during the approval process. Execution of swap option agreements in which the System receives up-front cash are prohibited.

3.7. Accounting Compliance

The impact of compliance with prevailing accounting principles must be disclosed in the System's annual financial reports.

3.8. Exit Strategy

The mechanics for determining termination values at various times and upon various occurrences must be explicit in each Swap Agreement. The potential termination costs should be considered before recommending to the Board approval of a Swap Resolution.

4. **Basis of Award**

4.1. Competitive Bid

Competitively bid Swap Agreements are deemed "quasi-competitive" and must include bona fide solicitations for bids from no fewer than three firms. Solicitations for bids must be made only to potential Swap Counterparties who are qualified under the terms of this policy.

4.2. Negotiated Transactions

In the case of a purely negotiated transaction, the System should obtain a "fair value opinion" from a swap advisor selected by the System that is regulated by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, which may be the System's financial advisor (the "Swap Advisor"). The Swap Counterparty must disclose payments to third parties regarding the execution of any derivative contract.

A System Authorized Representative may procure a Swap Agreement by negotiation in the following situations, in each instance as authorized in the Swap Resolution:

- 4.2.1. The System Authorized Representative determines that due to the complexity of a particular transaction, a negotiated bid will result in the most favorable pricing.
- 4.2.2. A System Authorized Representative determines that, in light of the facts and circumstances, a negotiated transaction will promote the System's interests by encouraging and rewarding innovation.

5. **Management of Swap Agreement Transaction Risk**

Swap Agreements with numerous Counterparties create risks for the System. To manage the associated risks, the following risks and related guidelines and parameters must be considered for each Swap Agreement:

5.1. Counterparty Risk

Limiting the exposure caused by a concentration of Swap Agreements between the System and any single Swap Counterparty reduces losses which may result from a Swap Counterparty default. In addition, the System may require under the terms of a Swap

Agreement the posting of mark-to-market collateral by any Swap Counterparty, as requested by the System, in accordance with the guidelines described in Section 6.3 – Collateral Requirements.

5.2. Termination Risk

5.2.1. *Optional Termination:*

The System will retain the right to terminate a Swap Agreement at any time during the term of the Swap Agreement at the then-prevailing market value of the Swap Agreement. In general, exercising the right to optionally terminate a Swap Agreement should produce a benefit to the System, either through receipt of a payment from a termination, or if a termination payment is made by the System, through conversion to a more beneficial debt position. Termination value must be readily determinable by one or more independent Swap Counterparties, who may assume the System's obligations under the Swap Agreement. A Swap Counterparty shall not have the option to terminate the Swap Agreement.

5.2.2. *Mandatory Termination:*

A termination payment may be required if a Swap Agreement is terminated for any reason. It is the intent of the System to review all available options prior to effecting a termination or making any termination payment. At a minimum, prior to making any termination payment, the System must have sufficient time to determine whether it is financially advantageous to obtain a replacement Swap Counterparty.

5.3. Amortization Risk (Term)

The slope of the swap curve, the marginal change in swap rates from year to year along the swap curve, termination value, and the impact that the term of the Swap Agreement has on the overall risk exposure of the System should be considered in determining the appropriate term of any Swap Agreement. Any Swap Agreement designated as a hedge should reflect the amortization of the debt that it is hedging.

5.4. Liquidity Risk

The System should consider if the swap market is sufficiently liquid (i.e., if enough potential qualified Swap Counterparties participate actively in the market to assure fair pricing) for the type of Swap Agreement or other product being considered and the potential ramifications of an illiquid market for such types of Swap Agreements. There may not be another appropriate party available to act as an offsetting Swap Counterparty.

5.5. Basis (Index) Risk (including Tax Risk)

Any index chosen as part of a Swap Agreement must be a recognized market index, including but not limited to The Securities Industries and Financial Markets Association Municipal Swap Index (SIFMA) or London Interbank Offering Rate (LIBOR).

The System will not enter into Swap Agreements that do not have a direct (one to one) correlation with the movement of an index without analyzing the risk associated with the enhancement.

The tax risk and impact to the System of each Swap Agreement should be detailed through the Swap Counterparty disclosure requirements outlined in Section 7 – Form of Swap Agreements and Other Documentation.

5.6. Bankruptcy Risk

Bond or swap counsel will be specifically engaged to review for the System the legal issues arising from the bankruptcy of a Swap Counterparty under a Swap Agreement or other product. Specifically, such bond or swap counsel will be engaged to review for the System the bankruptcy issues associated with the method of holding any collateral required to be posted.

6. **Counterparty Approval Guidelines**

6.1. Eligibility

The System may enter into Swaps Agreements only with eligible Swap Counterparties. To qualify as a Swap Counterparty under this policy, at the time a Swap Agreement is executed by the System, a proposed Swap Counterparty (i) must be rated at least AA-/Aa3/AA- by at least two of the three Nationally Recognized Statistical Ratings Organizations (Standard & Poor's, Moody's, and Fitch Ratings, respectively) and must have a minimum capitalization of \$50 million, or (ii) must be rated at least BBB-/Baa3/BBB- by two of the three Nationally Recognized Statistical Ratings Organizations and provide a credit support annex ("CSA") to the schedule to the ISDA master agreement that requires such party to deliver to a third party under an escrow, collateral or similar agreement collateral for the benefit and security of the System (a) that is of a kind and in such amounts as are specified therein and which relate to various rating threshold levels of the Swap Counterparty or its guarantor, from AA-/Aa3/AA- through BBB-/Baa3/BBB-, (b) that, in the judgment of the System, is reasonable and customary for similar transactions, taking into account all aspects of such transaction including without limitation the economic terms of such transaction and the creditworthiness of the Swap Counterparty or, if applicable, its guarantor; and (c) complies with any security requirements applicable to the System under Texas law, or (iii) must obtain credit enhancement from a provider with respect to its obligations under the transaction that satisfies the requirements of clause (i) of this paragraph, given the undertaking involved with the particular transaction.

Before execution of the Swap Agreement by the System, the Swap Counterparty must make available audited financial statements and rating and credit reports of the Swap Counterparty

(and any guarantor), and must identify to the best of its ability the amount and type of its derivative exposure and the net aggregate amount of its exposure to all parties (the System and others). The Swap Counterparty must agree in the Swap Agreement (and any guarantor must agree) that it will provide such financial statements and rating and credit reports to the System at least annually thereafter.

6.2. Swap Counterparty Exposure Limits and Transfer

In order to limit and diversify the System’s Swap Counterparty risk and to monitor credit exposure to each Swap Counterparty, the System will not enter into an Swap Agreement with a qualified Swap Counterparty if the following exposure limits are reached per Swap Counterparty:

- 6.2.1. As a percent of total outstanding debt, the maximum notional amount of Swap Agreements between a particular Swap Counterparty (and its unconditional guarantor, if applicable) and the System must not exceed 25% immediately after a proposed Swap would be delivered by the System. The net exposure total of all notional amounts between each Swap Counterparty and the System must include the total amount of System debt outstanding and authorized. As such, notional amounts for fixed to floating Swap Agreements may be used to “offset” the notional amounts for floating to fixed Swap Agreements, or vice-versa. Exposure limit calculations are net of insured termination payments.

Additionally, the System must not enter into a Swap Agreement with an otherwise qualified Swap Counterparty unless the cumulative mark-to-market termination value owed by the Swap Counterparty (and its unconditional guarantor, if applicable) to the System at the time of calculation is less than or equal to \$30 million. The \$30 million limitation is the sum of all mark-to-market values between the qualified Swap Counterparty and the System regardless of the type of Swap Counterparty or other similar product, net of collateral posted by the Swap Counterparty. Specific limits by any Swap Counterparty are based on the cumulative mark-to-market value of the Swap Agreement(s) or other similar products and the credit rating of the Swap Counterparty. The limits are as follows:

Swap Counterparty Long-Term Debt Rating (lowest prevailing rating from Standard & Poor’s / Moody’s)	Maximum Cumulative Mark-to-Market Value of Swaps Owed to System by Swap Counterparty (net of collateral posted)
AAA / Aaa	\$30 million
AA+ / Aa1	\$25 million
AA / Aa2	\$20 million
AA- / Aa3	\$15 million
A+ / A1	\$10 million
A / A2	\$5 million

If a Swap Counterparty’s credit rating is downgraded such that the cumulative mark-to-

market value of all Swap Agreements or other similar products between the Swap Counterparty and the System exceeds the maximum permitted by this policy, the Swap Counterparty must either terminate a portion of the Swap Agreement or similar product, post collateral securing the deficit as provided in the Swap Agreement, or provide other credit enhancement that is satisfactory to the System and ensures compliance with this policy.

Before execution of a Swap Agreement by the System, a swap advisor must provide a memorandum setting forth the exposure limit calculation, which will become a part of the official transcript for the transaction. Exposure limits will be reviewed by the Board at least annually.

6.2.2. Limitations on transfers of Swap Agreements by a particular Swap Counterparty should be carefully analyzed. If the Swap Agreement unilaterally restricts transfer or assignment, then the System must have the right to terminate the Swap Agreement without penalty if the Swap Counterparty transfers or assigns the Swap Agreement or the Swap Counterparty merges with another entity that changes the credit profile of the Swap Counterparty, unless the System gives its prior written consent to the transfer, assignment, or merger.

6.2.3. If the maximum notional limit for a particular Swap Counterparty is exceeded solely by reason of merger or acquisition involving two or more Swap Counterparties, the System will expeditiously analyze the exposure, but is not be required to “unwind” existing Swap Agreements unless the System determines that such action is in its best interest, given all the facts and circumstances.

6.2.4. If any exposure limit is breached by a Swap Counterparty, then the System will:

6.2.4.1. Conduct a review of the exposure limit calculation of the Swap Counterparty;

6.2.4.2. Determine if collateral may be posted to satisfy the exposure limits; and

6.2.4.3. Subject to the terms of this policy, enter into an offsetting Swap Agreement, if appropriate.

6.2.5. The System will not enter into contracts with derivative product companies (“DPCs”) that are classified as “terminating” or “Sub-T” DPC’s by the Nationally Recognized Statistical Ratings Organizations.

6.3. Collateral Requirements

Collateral posting requirements between the System and each Swap Counterparty may not be unilateral in favor of the Swap Counterparty. As part of the Swap Agreement, the System or the Swap Counterparty may require collateralization to secure any or all swap payment obligations. Collateral requirements will be subject to the following guidelines:

- 6.3.1. A Swap Agreement may not impose Collateral requirements on the System if the requirements would impair the System's existing operational flow of funds.
- 6.3.2. Each Swap Counterparty must provide a form of a Credit Support Annex in accordance with Section 6.
- 6.3.3. A list of acceptable securities that may be posted as collateral and the method of valuation of such collateral will be determined and mutually agreed upon with each Swap Counterparty during negotiation of the Swap Agreement.
- 6.3.4. The market value of the collateral must be determined as provided in the Swap Agreement on either a daily, weekly, or monthly basis by an independent third party.
- 6.3.5. Failure to meet collateral requirements will be a default under the Swap Agreement.
- 6.3.6. The Swap Agreement may provide for the right of assignment by one of the parties in the event of certain credit rating events affecting the other party. The System (or the Swap Counterparty) should first request that the Swap Counterparty (or the System) post credit support or provide a credit support facility. If the Swap Counterparty (or the System) does not provide the required credit support, then the System (or the Swap Counterparty) should have the right to assign the agreement to a third party acceptable to both parties and based on terms mutually acceptable to both parties. The credit rating thresholds to trigger an assignment should be included in the supporting documents.

7. Form of Swap Agreements and Other Documentation

Each Swap Agreement must contain terms and conditions as set forth in the International Swap & Derivatives Association, Inc. ("ISDA") Master Agreement and such other terms and conditions included in any schedules, confirmations, and credit support annexes as approved in accordance with the Swap Resolution authorizing that transaction. The Swap Advisor must provide a disclosure memorandum that includes an analysis by the Swap Advisor of the risks and benefits of the transactions, with amounts quantified. This analysis will include, among other things, a matrix of maximum termination values over the life of the Swap Agreement. The disclosure memorandum will become a part of the official transcript for the transaction. The Swap Advisor must also affirm receipt and understanding of the System's Master Swap Policy and must further affirm that the contemplated transactions fit within its policies as described herein.

7.1. Modification of Swap Agreements

Each Swap Resolution must provide specific approval guidelines for the Swap Agreements to which it pertains. These guidelines will provide for modifications to any approved Swap Agreements, provided such modifications, unless considered and approved by the Board, do not extend the average life of the Swap Agreement, increase the overall risk to the System,

or increase the notional amount of the Swap Agreement. The Swap Resolution must further designate which System officers are authorized to cause such modifications.

7.2. Aggregation of Swap Agreements

Unless the Swap Resolution states otherwise, the approval requirements set forth in each Swap Resolution are applicable for the total notional amount of transactions executed over a

consecutive three-month period for a given security or credit. Therefore, the notional amount of Swap Agreements including the average life of the Swap Agreements over a consecutive three-month period are considered in total (net of the notional amount of a Swap Agreement reversal) to determine what approval is required pursuant to a particular Swap Resolution.

8. Reporting Requirements

In the event the System has any outstanding swap instruments, The Senior Vice Chancellor for Administration and Finance will provide an annual report to the Board which addresses at least the following items:

- 8.1. The terms of any outstanding Swaps Agreements;
- 8.2. State the fair value of each Swap Agreement;
- 8.3. State the value of any collateral posted to or by the System under any Swap Agreements with each Swap Counterparty at the end of the fiscal year and the cash flows of any Swap Agreement;
- 8.4. Identify the Swap Counterparties to any Swap Agreement, any guarantor of any Swap Counterparties, and the credit ratings of any Swap Counterparty and guarantor; and
- 8.5. Determine whether the continuation of any Swap Agreements under the agreement would comply with the System's Master Swap Policy