



## THE UNIVERSITY OF TEXAS SYSTEM

### *Office of Historically Underutilized Business (HUB) Development*

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### **Supplemental Letter for the FY 2005 Annual HUB Report – Agency 720**

It is the policy of The University of Texas System, and each of its component institutions, to promote and encourage contracting and subcontracting opportunities of Historically Underutilized Businesses (HUBs) in all contracts. Measurements of supply marketplace variables, including demand for goods and services for which no HUB suppliers are available and payments to non-certified HUB firms, are important considerations in evaluating HUB program performance. Payments exceeding **\$5.0 million** made by this agency to **62** non-certified HUB firms during the reporting period are not reflected in published program performance measures.

Good faith efforts during FY 2005 included, among other actions, the following:

- Payments in excess of \$80 million dollars to 409 Certified firms
- Outreach in 104 HUB forum events
  - Sponsored 25 HUB forum events
  - Provision of 26 one-on-one introductions of HUB firms to key personnel at U. T. System, U. T. System Institutions and other state agencies.

Special initiatives for FY 2005:

- Bonding and Technical Assistance Program
  - Hosted 18 Bonding and Technical Assistance Workshops
  - Three networking mixers related to the Galveston National Laboratory project construction phase
- Seven active mentor-protégé relationships in commodities, professional services and construction
- Provision of HUB Program assistance to other university systems

The capital construction program for U. T. System comprises 95% of total expenditures. The absolute dollars spent with HUBs ebbs and flows with the cash flow of each project. Fiscal Year 2005 total expenditures redacted construction expenditures at \$120 million less than FY 2004 and represents only 16 projects in peak construction. 29 active projects were in peak construction during the FY 2004 fiscal year reporting period. It is noted and documented that HUB participation is most active during periods of high volume cash flow on major construction projects.

All U. T. System bonds/notes are rated by at least two of the three nationally recognized bond-rating agencies: Standard & Poors, Moody's, and Fitch. When bonds/notes are sold, a paying agent/registrar is selected to maintain a record of bondholders and to pay the periodic interest and principal payments. The paying agent/registrar is typically a bank that must be automated and capable of meeting the requirements that may be specified by the Depository Trust Company in New York. HUB firms that provide bond counsel, financial, printing and underwriting services are limited in this area. U. T. System paid out \$247,043 (10.89%) to minority firms in contracts related to underwriting in FY 2005.

The University of Texas System in partnership with component institutions is committed to maximizing HUB participation by fostering collaborative efforts and innovative approaches while ensuring HUB inclusion in local communities throughout the state in an effort to facilitate economic development.

The University of Texas System Administration submits this supplemental letter to provide additional information about its HUB program. Please address inquiries to the Office of HUB Development, 512-499-4530.