



## THE UNIVERSITY OF TEXAS SYSTEM

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

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### **Supplemental Letter for the FY 2006 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 **\$3M** made by this agency to **36** non-certified HUB firms during the reporting period are not reflected in published program performance measures.

Good faith efforts during FY 2006 included, among other actions, the following:

- Payments in excess of \$81M dollars to 329 certified firms
- Outreach in 81 HUB forum events
  - Sponsored 33 HUB forum events
  - Provision of 76 one-on-one introductions of HUB firms to key personnel at U. T. System, U. T. System Institutions and other state agencies
  - 30 outreach opportunities to minority/women organizations

Special initiatives for FY 2006:

- Bonding and Technical Assistance Program
  - Hosted 12 Bonding and Technical Assistance Workshops
  - Two networking mixers related to the Galveston National Laboratory project construction phase
- Eight active mentor-protégé relationships in commodities, professional services and construction
- Provision of HUB Program assistance to other university systems
- Leadership in Texas Universities HUB Coordinators Alliance (TUHCA) to provide training and outreach opportunities to increase HUB Coordinator effectiveness in institutional HUB participation
- Leadership as board member on the Central and South Texas Minority Business Council (CSTMBC)

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 2006 total expenditures redacted construction expenditures at \$69M less than FY 2005 and represent only 20 projects in peak construction. 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 these areas. U. T. System paid out \$63,724 to minority firms in contracts related to underwriting in FY 2006.

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.