I. Call to Order

II. Pledge of Allegiance

III. Certification of the Posting of the Notice of the Meeting

IV. Introductions, Special Guests, Recognitions

V. Approval of the Minutes of the August 3, 2006 Workshop Meeting and Regular Meeting, August 24, 2006 Workshop Meeting and Public Hearing and Special Meeting and the August 29 Special Meeting

VI. Citizens Desiring to Address the Board

VII. Special Reports and Announcements

1. Chancellor

2. College Presidents

3. Vice Chancellors

4. Faculty Senate Presidents

VIII. Consideration of Consent Agenda

(The purpose of the consent agenda is to allow the Board to identify and approve action items which require no additional information or discussion and for which there is unanimous approval. Trustees receive agenda materials one week in advance of the meeting to prepare for the business to be conducted.)

IX. Policy Report and Consideration

1. Consideration of Approval for Board of Trustees Travel (ACTION ITEM 1)
2. Consideration of Approval of the Joint Election Agreement with Harris County (ACTION ITEM 2)

X. Curriculum Report

Articulation and Joint Admission Agreements

XI. Financial Reports and Considerations

1. Monthly Financial Statements

2. Consideration of Approval of Investment Broker Dealer List for 2006-2007 (ACTION ITEM 3)

3. Consideration of Approval of Renewal of the Appointment of Paul Bettencourt, Harris County Tax Assessor-Collector, and J.R. Moore, Jr., Montgomery County Tax Assessor-Collector, to Collect Taxes Levied on Behalf of the District (ACTION ITEM 4)

4. Consideration of Approval of Resolution to Establish a Limitation on the Total Amount of Taxes That May Be Imposed By NHMCCD on the Residence Homestead of an Individual 65 Years of Age or Older or Disabled (ACTION ITEM 5)

5. Consideration of Approval of a Management Plan that Establishes Responsibilities and Guidelines for the Use of Interest Rate Swaps and Other Derivative Transactions (ACTION ITEM 6)

6. Consideration of Approval Fourth Supplemental Resolution Authorizing the Execution and Delivery of Interest Rate Swap Agreements Related to the District’s Revenue Bonds and an Order Authorizing the Execution and Delivery of Interest Rate Swap Agreements Related to the District’s General Obligation Bonds; Approving Counterparties Therefore; Delegating Authority to Enter into Such Interest Rate Swap Agreements and to Approve Certain Other Procedures and Provisions Related Thereto (ACTION ITEM 7)

7. Consideration of Approval to Purchase Rack Distribution Services for Spring, Summer, and Fall 2007 for the District (ACTION ITEM 8)

8. Consideration of Approval to Purchase Printing and Mailing of Credit Schedules and Mailers for Spring, Summer and Fall 2007 for the District (ACTION ITEM 9)

9. Consideration of Approval for Design of Corporate and Continuing Education Schedules for Tomball College (ACTION ITEM 10)

10. Consideration of Approval to Purchase Janitorial Services for Cy-Fair College (ACTION ITEM 11)
11. Consideration of Ratification of Replacement of Wall Talker Surfaces in Three Classrooms at Cy-Fair College (ACTION ITEM 12)

12. Consideration of Approval of Purchase of Online Core Reference Database Licenses for District (ACTION ITEM 13)

13. Consideration of Ratification of Additional Funds for Advertising Services for District (ACTION ITEM 14)

14. Consideration of Approval to Extend Two Multi-Year Agreements for One Year for District (ACTION ITEM 15)

15. Consideration of Approval of Area Job Order Contract (AJOC) Purchases for Construction Related Projects for the District for the First Half of FY 2006-7 (ACTION ITEM 16)

16. Consideration of Approval of Purchase of Additional Commodity Internet and Internet2 Services for District (ACTION ITEM 17)

17. Consideration of Approval to Enter into a Three Year Agreement for “mtvU” Program Service at North Harris College (ACTION ITEM 18)

18. Consideration of Ratification of Digital Imaging Services for District Services and Training Center (DSTC) (ACTION ITEM 19)

19. Consideration of Approval of Purchase of Additional Microsoft Software Licenses for the District (ACTION ITEM 20)

20. Consideration of Authorization for Chancellor to Negotiate Contract to Sell Land Located West of Sorters Road and North of Kingwood College (ACTION ITEM 21)

21. Consideration of Approval to Purchase Professional Services for Construction Projects at North Harris and Tomball Colleges (ACTION ITEM 22)

22. Consideration of Approval to Purchase Professional Services for Multiple Construction Projects for North Harris and Montgomery Colleges (ACTION ITEM 23)

23. Consideration of Adoption of the Resolution and Ordinance Fixing and Levying Ad Valorem Taxes for the Year 2006 and Directing the Assessment and Collection Thereof (ACTION ITEM 24)

24. Consideration of Approval to Extend Lawn Services Agreement for One Year for Tomball College and District Services and Training Center (ACTION ITEM 25)
25. Consideration of Approval of Agreement with University of Texas Health Science Center for Employee Assistance Program for District (ACTION ITEM 26)

26. Consideration of Approval of the NHMCCD Elective 457(b) Plan for the District (ACTION ITEM 27)

XII. Building and Grounds Report

   Construction Projects Update

XIII. Personnel Reports and Considerations

   1. Consideration of Ratification of Appointments (ACTION ITEM 28)

   2. Consideration of Acceptance of Resignations (ACTION ITEM 29)

   3. Consideration of Approval of Commissioning of Peace Officers (ACTION ITEM 30)

XIV. Suggested Future Agenda Items

XV. Adjournment

The Board of Trustees, may at any time prior to adjournment, in accordance with Sections 551.001, et seq. of the Texas Government Code, move into Closed Session under the following provision(s) of the ACT:

Section 551.071 - Consultation With Attorney
Section 551.072 - Deliberation Regarding Real Property
Section 551.073 - Deliberation Regarding Prospective Gift
Section 551.074 - Personnel Matters
Section 551.076 - Deliberation Regarding Security Devices
Section 551.086 - Economic Development Negotiations
Certification of Posting of Notice to the September 7, 2006
Regular Meeting of the
North Harris Montgomery Community College District’s
Board of Trustees

I, John E. Pickelman, Chancellor of the North Harris Montgomery Community College District, do hereby certify that a notice of this meeting was posted on Friday, the 1st day of September, 2006, in a place convenient to the public in the Administration Office of the District Services and Training Center and on all college campuses as required by Section 551.001 et seq., Texas Government Code.

Given under my hand this the 1st day of September, 2006.

___________________________________
John E. Pickelman, Ph.D.
Chancellor
MINUTES OF THE
WORKSHOP MEETING OF THE BOARD OF TRUSTEES
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
DISTRICT SERVICES AND TRAINING CENTER
TRAINING AND DEVELOPMENT CENTER BOARDROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
August 3, 2006
5:00 p.m.

PRESENT:  Mr. David McIver, Chair
          Mr. David Vogt, Vice Chair
          Ms. Maria Flotte O’Neill, Secretary
          Mr. John Fox, Assistant Secretary
          Dr. Martin Basaldua
          Mr. Randy Bates
          Dr. Richard Campbell
          Ms. Stephanie Marquard

ABSENT:   Ms. Priscilla Kelly

I.     CALL TO ORDER:  Mr. McIver called the meeting to order at 5:15 p.m.

II.    CERTIFICATION OF THE POSTING OF THE NOTICE OF THE MEETING:
       Chancellor Pickelman confirmed that the Notice for the meeting had been properly posted. No action was required. A copy is attached as Exhibit “A”.

III.   CLOSED SESSION:  At 5:15 p.m. Mr. McIver convened the Board in closed session, in accordance with Section 551.001 et. seq. of the Texas Government Code under the following provision(s) of the Act:

       Section 551.074 – Personnel Matters.

IV.    RECONVENE OPEN MEETING:  Mr. McIver reconvened the open meeting at 6:10 p.m.

V.     CONFER WITH CHANCELLOR/STAFF:  Chancellor Pickelman provided certain information regarding operations of the District. No action was taken.

VI.    ADJOURNMENT:  the meeting was adjourned at 6:30 p.m.

ATTEST:

_________________________________________  _______________________________________
David McIver, Board Chair                     Maria O’Neill, Board Secretary
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF TRUSTEES
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
DISTRICT SERVICES AND TRAINING CENTER
TRAINING AND DEVELOPMENT CENTER BOARD ROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
August 3, 2006
6:00 p.m.

PRESENT:  Mr. David McIver, Chair
           Mr. David Vogt, Vice Chair
           Ms. Maria Flotte O’Neill, Secretary
           Mr. John Fox, Assistant Secretary
           Dr. Martin Basaldua
           Mr. Randy Bates
           Dr. Richard Campbell
           Ms. Stephanie Marquard

ABSENT:  Ms. Priscilla Kelly

I.  CALL TO ORDER:  Mr. McIver called the Regular Board Meeting to order at 6:37 p.m. after determining a quorum was present.

II.  PLEDGE OF ALLEGIANCE:  Mr. Fox led the Board and guests in reciting the Pledge of Allegiance.

III.  CERTIFICATION OF THE POSTING OF THE NOTICE OF THE MEETING:  Chancellor Pickelman confirmed that the Notice for the meeting had been properly posted.  No action was required.  A copy is attached as Exhibit “A.”

IV.  INTRODUCTIONS, SPECIAL GUESTS, RECOGNITIONS:  the Chancellor welcomed Tiffany Williams of the Conroe Courier, Anitra Brown of the Houston Chronicle; Bob Lanier and Damon Palermo, real estate brokers; Craig Broy, senior project leader and construction manager for KBR Construction; and David and Charlotte Lampe, citizens from Cy-Fair.

V.  APPROVAL OF THE MINUTES OF THE JUNE 1, 2006 WORKSHOP MEETING AND REGULAR MEETING:  upon a motion by Mr. Bates and a second to the motion by Mr. Fox, the minutes of the June 1, 2006 Workshop Meeting and Regular Meeting were unanimously approved.

VI.  CITIZENS DESIRING TO ADDRESS THE BOARD:  none

VII.  SPECIAL REPORTS AND ANNOUNCEMENTS:
1. **Chancellor:** Dr. Pickelman announced that on August 24th the board will conduct a public hearing prior to considering adopting the 2006-2007 budget. The Board will also consider calling the trustee election and bond referendum for November 7th. Chancellor Pickelman reported that a community meeting was held recently with Montgomery ISD residents who are interested in joining the college district, and that a meeting with Bush International Airport officials regarding runway noise reduction was also held. The opening day convocation for all district-wide employees will be held on August 21st at the M.O. Campbell Education Center. Board members are invited and encouraged to attend.

2. **College Presidents:** Dr. David Sam, president of North Harris College, announced that the award-winning Summer Bridge Program began July 27th with a record number of 97 students enrolled with a record number of 26 mentors. Dr. Sam reported that the Educational Talent Search program and grant has been renewed; Christine Jannes has been awarded a $1,000 scholarship from the Coca Cola Scholars Foundation; the Carver Center received the Acres Home Community Development Corporation’s Community Support Torch Award; and the annual retirees’ luncheon will be held on August 16th. Dr. Sam announced that Steve Megregian, vice president of administrative services, is retiring and that Johanna Boley has been appointed to take his place. Both were recognized.

Dr. Linda Stegall, president of Kingwood College, distributed folders containing *Kingwood College Happenings* spotlighting the Discovery College, a nine week camp activity, with nearly 1000 children ages 7-14 enrolled. Dr. Stegall introduced Dr. Brian Shmaefsky, biology professor and service learning coordinator. Dr. Shmaefsky noted that the service learning program at Kingwood College is currently sustaining 350 students, 16 faculty, and 12 community partners per semester. The American Association of Community Colleges (AACC) recognized Kingwood College for the tremendous effort made by faculty, administrators, staff, and students in advancing the service learning methodology. Student participation in service learning is part of the graduation requirements for Allied Health majors and for Honors students. A new initiative to seek a Faculty International Exploration Grant is underway. This initiative would provide students with international service learning opportunities in the Philippines. Funding for the program is provided by college operating funds matched by the AACC Broadening Horizons through Service Learning Grant. The grant will end in 2006, and the NHMCCD grants office will be working with the service learning office to ensure a regular supply of external funding is obtained for the programs.

Dr. Ray Hawkins, president of Tomball College, announced that nursing student, Diana Bauer, was recently named first place winner in the statewide scholarship competition hosted by the Ladies Auxiliary to Veterans of Foreign Wars Post 2427. Ms. Bauer is 55 years old and plans to spend some time working in a hospital after earning her associates degree and becoming a registered nurse. She plans to continue her education to earn a bachelor’s degree. Dr. Hawkins also announced that another student, Renee Prince, was awarded a $1000 scholarship from the Coca-Cola Scholars Foundation. Only 400 students nationwide are awarded the scholarships.
which are based on academic success and community service. Also, student Cynthia Herrara’s writing project, “Flower Girl”, was selected for Phi Theta Kappa’s Nota Bene 2006 literary journal. Dr. Hawkins noted that the selection is a wonderful honor and testimony to the quality of instruction and academic encouragement the colleges of NHMCCD provide.

Dr. Tom Butler, president of Montgomery College, reported a 3% increase in contact hours for summer classes with the largest increase coming from distance learning classes. Dr. Butler introduced Ms. Angela Colton, program director for summer youth camps held from June 5th through July 20th. The many varied camps included: Broadway Connection, Summer Theater Intensive, and Robocamp. Ms. Colton provided several examples of projects completed by students in the various camps and thanked the Board and chancellor for their continued support of the summer programs for area youth.

Dr. Diane Troyer, president of Cy-Fair College, distributed a summer 2006 enrollment analysis showing that Cy-Fair College had the highest summer enrollment in the district with 5,847 students served and 9,668 course enrollments – a 9.6% increase over last summer. Dr. Troyer reported that summer enrollments at Barker Cypress and the Fairbanks Center enjoyed an approximate 23% increase in enrollments. Dr. Troyer introduced and commended Ted Lewis, dean of instruction at Fairbanks Center and Deana Sheppard, assistant dean. The summer reading program has been a huge success, with a total of 2003 elementary school students participating. President Troyer introduced and thanked Stacey Creel, associate professor and reference librarian, for her efforts in the highly successful child watch program at Cy-Fair College. Ms. Creel will be leaving to accept another position outside the district.

3. Vice Chancellors: Steve Head, executive vice chancellor, introduced Dr. Sunny Cooke, associate vice chancellor of workforce development. A presentation was made by Dr. Head and Dr. Cooke showing the process and funding plans for the district-wide Workforce Development Initiative. The Initiative includes many workforce training programs that are traditional as well as custom-designed with on-site, off-site, and online classes. Dr. Head distributed copies of Career Focus and Start Something publications, which spotlight career opportunity programs district-wide.

Ray Laughter, vice chancellor for External Affairs, distributed copies of the district-wide service plan for Montgomery Independent School District (MISD). The plan was devised in response to the certified petition signed by more than five percent of the registers voters in the MISD requesting an election to decide whether or not MISD will become part of NHMCCD. If voters choose to join the college district, NHMCCD will conduct an educational needs assessment to determine what courses and programs residents desire. Credit and non-credit programs including dual credit would be offered based on demand at locations within the territory in cooperation with MISD and community groups. Mr. Laughter reported that the meeting with
Rick Vacar, director of Houston Airport System, was productive and that concerns of NHMCCD regarding the impact of runway noise on students and faculty at North Harris College were noted. Mr. Vacar will provide a letter summarizing the airport’s efforts to respond to noise concerns.

4. Other:

Summary Report of Awards of Funding Proposals: Mr. Ray Laughter, vice chancellor for external affairs, presented the report which included a listing of the funding proposals that have been awarded during the third quarter (March 2006, April 2006, and May 2006). The total amount of awarded grants for the third quarter is $2,032,894. There are 23 pending proposals totaling $4,344,431. A copy is attached as Exhibit “B.”

VIII. CONSIDERATION OF CONSENT AGENDA: Mr. McIver proceeded with the Consent Agenda. The Board requested separate action for Action Item 31. Mr. Bates made a motion to approve Action Items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, and 34. Ms. O’Neill seconded the motion and the Board unanimously passed the Consent Agenda. A copy of the Consent Agenda is attached as Exhibit “C.”

IX. CURRICULUM REPORT AND CONSIDERATION:

Consideration of Approval of a Level 1 Certificate for Implementation Spring 2007 at Tomball College (ACTION ITEM 1): the Board approved a Level 1 Certificate in Surgical Technology at Tomball College. This item was passed in the Consent Agenda. A copy is attached as Exhibit “D.”

X. FINANCIAL REPORTS AND CONSIDERATIONS:

1. Monthly Financial Statements: Ms. Cindy Gilliam, vice chancellor of business affairs and chief financial officer, presented the monthly financial statements. A copy is attached as Exhibit “E.”

2. Quarterly Investment Report: Ms. Cindy Gilliam, vice chancellor of business affairs and chief financial officer, presented the quarterly investment report. A copy is attached as Exhibit “F.”

3. Consideration of Approve to Purchase Veterinary Technology Supplies for Fiscal Year 2006-07 for Tomball College (ACTION ITEM 2): the Board approved the purchase of veterinary technology supplies for FY 2006-07 for Tomball College from the lowest bidders, Butler Animal Health Supply, DVM Resources, Miller Veterinary Supply, and Webster Veterinary, in the amount of $43,700. This item was passed in the Consent Agenda. A copy is attached as Exhibit “G.”
4. Consideration of Approval to Purchase Custodial Supplies for Fiscal Year 2006-07 for District (ACTION ITEM 3): the Board awarded contracts for the purchase of custodial supplies for FY 2006-07 for the District from the following vendors in the amount of $338,717: All Care Products, Highpoint Sanitary Solutions, Brawner Paper Co., Hygeia Enviro-Clean, Inc., Buckeye Cleaning Center, Unisource, Corporate Express of Texas, Inc., Xpedx Crown Paper & Chemical, ZEP Manufacturing Company, and Express Image Paper Co. This item was passed in the Consent Agenda. A copy is attached as Exhibit “H.”

5. Consideration of Ratification of Emergency Repair to Chiller at North Harris College (ACTION ITEM 4): the Board ratified the emergency repair of a chiller at North Harris College from Letsos, in the amount of $43,469. This item was passed in the Consent Agenda. A copy is attached as Exhibit “I.”

6. Consideration of Approval to Purchase Lawn Services for Cy-Fair College, Fairbanks Center, Willow Chase Center, Parkway Center, Conroe Center and The University Center (ACTION ITEM 5): the Board approved the purchase of lawn maintenance services in the amount of $207,520 annually and additional landscaping services in the amount of $25,000 annually for Cy-Fair College, Fairbanks Center, Willow Chase Center, Parkway Center, Conroe Center, and The University Center. This item was passed in the Consent Agenda. A copy is attached as Exhibit “J.”

7. Consideration of Approval to Purchase Sonography Machine for Cy-Fair College (ACTION ITEM 6): the Board approved the purchase of a vascular sonography machine for the Sonography Department at Cy-Fair College from Siemens Medical Solutions USA, Inc., in the amount of $127,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “K.”

8. Consideration of Ratification to Paint Corridors of Technology Center at Cy-Fair College (ACTION ITEM 7): the Board ratified the painting of corridors of the Technology Center at Cy-Fair College from the lowest bidder, Teko Contractors, in the amount of $33,887. This item was passed in the Consent Agenda. A copy is attached as Exhibit “L.”

9. Consideration of Ratification to Replace Sound and Video System for Theater at Montgomery College (ACTION ITEM 8): the Board ratified the replacement of the sound and video system for the theatre at Montgomery College from Audio Visual Technology, in the amount of $161,050. This item was passed in the Consent Agenda. A copy is attached as Exhibit “M.”

10. Consideration of Ratification of Easement Relocation of Water and Sewer Lines at North Harris College (ACTION ITEM 9): the Board ratified the easement relocation of water and sewer lines at North Harris College. This item was passed in the Consent Agenda. A copy is attached as Exhibit “N.”
11. Consideration of Approval to Renew Insurance Premiums for District (ACTION ITEM 10): the Board approved the insurance renewal for FY 2006-07. The Annual Premium is $1,392,316, an increase of $37,746 (2.79%). This item was passed in the Consent Agenda. A copy is attached as Exhibit “O.”

12. Consideration of Ratification to Purchase Additional Musical Instruments for Montgomery College (ACTION ITEM 11): the Board ratified the purchase of additional musical instruments from the following vendors: National Educational for $16,529 and The Woodwind & Brasswind for $5,410. This item was passed in the Consent Agenda. A copy is attached as Exhibit “P.”

13. Consideration of Approval to Re-Stripe Parking Lots and Traffic Lanes at Cy-Fair College (ACTION ITEM 12): the Board approved the re-striping of parking lots and traffic lanes at Cy-Fair College from the lowest bidder, Striping Unlimited Corporation, in the amount of $32,629. This item was passed in the Consent Agenda. A copy is attached as Exhibit “Q.”

14. Consideration of Approval to Extend Multi-Year Agreements for One Year for District (ACTION ITEM 13): the Board approved the extension of multi-year agreements for one year in the amount of $1,755,230. This item was passed in the Consent Agenda. A copy is attached as Exhibit “R.”

15. Consideration of Approval to Purchase Additional Furniture for Montgomery College (ACTION ITEM 14): the Board approved the purchase of additional office furniture for Montgomery College from One Office Furniture, and The Wells Group, in an amount not to exceed $50,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “S.”

16. Consideration of Ratification to Purchase Furniture for Cy-Fair College (ACTION ITEM 15): the Board ratified the US Communities (USC) Governmental Purchasing Alliance purchase of furniture from Debner & Company, in an amount not to exceed $125,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “T.”

17. Consideration of Ratification of Dell Asset Recovery Services for Surplus Computer Equipment for District (ACTION ITEM 16): the Board ratified the use of the asset recovery program for surplus computer equipment from Dell Marketing LP. This item was passed in the Consent Agenda. A copy is attached as Exhibit “U.”

18. Consideration of Approval to Purchase Datatel License and Maintenance Renewal and Consulting Services for Colleague Student and Financial Systems for District (ACTION ITEM 17): the Board approved the purchase of license and maintenance renewal and consulting services for Colleague Student and Financial Systems from Datatel, Inc., in an amount not to exceed $475,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “V.”

19. Consideration of Approval to Purchase Microsoft Software Licenses for the District
(ACTION ITEM 18): the Board approved the Catalogue Information Systems Vendor (CISV) purchase of Microsoft software licenses for the District from the lowest bidder, SHI Government Solutions, in the amount of $134,400. This item was passed in the Consent Agenda. A copy is attached as Exhibit “W.”

20. Consideration of Approval to Purchase Commodity Internet and Internet2 Services for the District (ACTION ITEM 19): the Board approved the purchase of Commodity Internet and Internet2 services and an interlocal agreement with The University of Texas, Office of Telecommunication Services (UT-OTS) Networking, in the amount of $2,219 per month for a total cost of $26,628 annually. This item was passed in the Consent Agenda. A copy is attached as Exhibit “X.”

21. Consideration of Ratification of Additional Costs and Revised Timeline for Purchase of Enterprise Resource Planning (ERP) Software and Implementation Consulting Services for Information Technology Infrastructure Library (ITIL) for the District (ACTION ITEM 20): the Board ratified the additional costs for travel and expenses from Protiviti Inc., for a total project cost of $394,051 and full project implementation in FY 2005-06. This item was passed in the Consent Agenda. A copy is attached as Exhibit “Y.”

22. Consideration of Ratification of Additional Costs for Technology Consulting Services for District (ACTION ITEM 21): the Board ratified the additional costs for consulting services from EConsulting, Inc., dba Eagle Consulting Inc., in the amount of $1,847 for a total project cost of $243,847. This item was passed in the Consent Agenda. A copy is attached as Exhibit “Z.”

23. Consideration of Approval to Purchase First Quarter Technology Related Items for the District (ACTION ITEM 22): the Board approved the purchase of technology hardware and software for the District over the first quarter of the fiscal year in an amount not to exceed $1,400,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “aa.”

24. Consideration of Approval of District Library Collection Expenditures for Fiscal Year 2006-07 (ACTION ITEM 23): the Board approved expenditures for the collection of books and nonprint materials for the five District libraries and associated centers in an amount not to exceed $715,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “bb.”

25. Consideration of Approval to Purchase Assessment Instruments for District (ACTION ITEM 24): the Board approved the purchase of paper and computerized assessment tests for the District for the next two fiscal years from America College Testing (ACT), for ASSET, and for COMPASS, in an amount not to exceed $500,000 annually. This item was passed in the Consent Agenda. A copy is attached as Exhibit “cc.”

26. Consideration of Acceptance of Gifts (ACTION ITEM 25): the Board of Trustees
formally accepted and acknowledged gifts donated to the North Harris Montgomery Community College District in accordance with the donors’ wishes. This item was passed in the Consent Agenda. A copy is attached as Exhibit “dd.”

27. Consideration of Ratification to Purchase SimBaby Infant Simulators for Tomball and Cy-Fair Colleges (ACTION ITEM 26): the Board ratified the purchase of two SimBaby infant simulators for Cy-Fair and Tomball Colleges from the lowest bidder, Laerdal, in the amount of $58,559. This item was passed in the Consent Agenda. A copy is attached as Exhibit “ee.”

28. Consideration of Ratification to Install HVAC in Server Room at Cy-Fair College (ACTION ITEM 27): the Board ratified the Texas Cooperative Purchasing Network (TCPN) Area Job Order Contracting (AJOC) purchase and installation of HVAC in server room at Cy-Fair College from Kellogg Brown & Root, Inc. (KBR), in the amount of $41,812. This item was passed in the Consent Agenda. A copy is attached as Exhibit “ff.”

29. Consideration of Ratification to Expand Fitness Trail at Cy-Fair College (ACTION ITEM 28): the Board ratified the Texas Cooperative Purchasing Network (TCPN) Area Job Order Contracting (AJOC) purchase to expand the fitness trail at Cy-Fair College from Kellogg Brown & Root, Inc. (KBR), in the amount of $67,500. This item was passed in the Consent Agenda. A copy is attached as Exhibit “gg.”

30. Consideration of Ratification to Expand Student Center at Cy-Fair College (ACTION ITEM 29): the Board ratified the Texas Cooperative Purchasing Network (TCPN) Area Job Order Contracting (AJOC) purchase to expand the student center at Cy-Fair College from Kellogg Brown & Root, Inc. (KBR), 1854 East Beltway 8 South, Pasadena, TX 77503, in the amount not to exceed $560,000, and professional services from M. Arthur Gensler Jr. & Assoc., Inc., 700 Milam, Suite 400, Houston, TX 77002, in the amount of $60,000 for a total project cost of $620,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “hh.”

31. Consideration of Approval of Revised Agreement Between North Harris Montgomery Community College District, on behalf of Montgomery College, and The Woodlands Religious Community dba Interfaith of The Woodlands (ACTION ITEM 30): the Board approved the revised agreement between the District on behalf of Montgomery College and The Woodlands Religious Community dba Interfaith of the Woodlands for the provision of childcare services in an amount not to exceed $127,182 annually for staffing costs and other miscellaneous fees. This item was passed in the Consent Agenda. A copy is attached as Exhibit “ii.”

32. Consideration of Ratification of Contract to Purchase Property Located East of Peoples Road, South of Pine Acres Road and North of Montgomery College (ACTION ITEM 31): upon a motion by Mr. Bates and a second to the motion by Dr. Campbell, the Board approved the contract with Mr. Harry Kerr to purchase 55.429 acres for $1,600,000. Mr. Vogt abstained from the vote. A copy is attached
33. Consideration of Approval of Agreement Between North Harris Montgomery Community College District, on behalf of North Harris College, and The Frontline Group, LLC. (ACTION ITEM 32): the Board approved an agreement between NHMCCD, on behalf of North Harris College, and the Frontline Group, LLC for a partnership on a training facility for oil and gas field workers. This item was passed in the Consent Agenda. A copy is attached as Exhibit “kk.”

XI. BUILDING AND GROUNDS REPORT:

Construction Projects Update: the Board reviewed the reports as presented. A copy is attached as Exhibit “ll.”

XII. PERSONNEL REPORTS AND CONSIDERATIONS

1. Consideration of Ratification of Appointments (ACTION ITEM 33): the Board ratified the appointments as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “mm.”

2. Consideration of Acceptance of Resignations (ACTION ITEM 34): the Board accepted the resignations as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “nn.”

XIII. SUGGESTED FUTURE AGENDA ITEMS: None.

Board Chair, David McIver, noted that Dr. Pickelman has notified the Board of his plan to retire, effective August, 2007. Chair McIver thanked Dr. Pickelman for his great leadership over the years and stated that the Board has begun discussions concerning a search for a successor.

XIV. ADJOURNMENT: there being no further business, Mr. McIver adjourned the meeting at 7:33 p.m.

ATTEST:

_________________________________   ______________________________
Board of Trustees, Chair     Board of Trustees, Secretary
I. CALL TO ORDER: Mr. McIver called the meeting to order at 5:15 p.m.

II. CERTIFICATION OF THE POSTING OF THE NOTICE OF THE MEETING: Chancellor Pickelman confirmed that the Notice for the meeting had been properly posted. No action was required. A copy is attached as Exhibit “A”.

III. CLOSED SESSION: At 5:20 p.m. Mr. McIver convened the Board in closed session, in accordance with Section 551.001 et. seq. of the Texas Government Code under the following provision(s) of the Act:

Section 551.074 – Personnel Matters.

IV. RECONVENE OPEN MEETING: Mr. McIver reconvened the open meeting at 5:40 p.m.

VI. ADJOURNMENT: the meeting was adjourned at 6:10 p.m.

ATTEST:

David McIver, Board Chair

Maria O’Neill, Board Secretary
PRESENT: Mr. David McIver, Chair
Mr. David Vogt, Vice Chair
Mr. John Fox, Assistant Secretary
Dr. Martin Basaldua
Mr. Randy Bates
Ms. Priscilla Kelly
Ms. Stephanie Marquard

ABSENT: Ms. Maria Flotte O’Neill, Secretary
Dr. Richard Campbell

Public Hearing – 2006-2007 Proposed Budget

I. CALL TO ORDER: Mr. McIver called the Public Hearing of the 2006-2007 Proposed Budget to order at 6:12 p.m. after determining a quorum was present. Mr. Fox had not yet arrived.

II. PLEDGE OF ALLEGIANCE: Ms. Kelly led the Board and guests in reciting the Pledge of Allegiance.

III. CERTIFICATION OF THE POSTING OF THE NOTICE OF THE PUBLIC HEARING AND SPECIAL MEETING AND THE STATUTORY ADVERTISING REQUIREMENTS: Chancellor Pickelman confirmed that the Notice for the Public Hearing and Special Meeting had been properly posted and the statutory advertising requirements had been met. No action was required. A copy is attached as Exhibit “A.”

IV. PRESENTATION OF THE 2006-2007 PROPOSED BUDGET: the Chancellor reported that revenues consist primarily of State funding, property taxes and tuition and fees. This is the second year of the 2005-06 State biennium funding; therefore, the 2006-07 proposed budget includes no increase in State funding. No increase in the student tuition rate is proposed for the budget. Certified property values have not been received, but the proposed budget does not include an increase in the tax rate. Both student and tax revenues are estimated to increase due to volume increases, not rate increases. The proposed budget expenditures include 25 new full-time faculty positions, in an effort to respond to growth, as well as to improve the full-time/adjunct faculty ratio. Support for student services and educational programs is proposed in the form of
additional funding provided to individual college budgets. Full implementation of a data management system that complements the current enterprise software is also included in the budget. A 4% salary increase, with a minimum of $1,200, is proposed for all full-time employees who were hired on or before February 28, 2006. A $2 per contact hour increase for adjunct faculty is also included, representing the first increase in four years. A 4% increase in the part-time pay rates is proposed, representing the first across-the-board adjustment in seven years.

V. CITIZENS COMMENTS: There were no citizen comments.

VI. ADJOURNMENT OF PUBLIC HEARING: Mr. McIver adjourned the Public Hearing at 6:15 p.m.

Special Meeting

I. CALL TO ORDER: Mr. McIver called the regular meeting of the Board of Trustees to order at 6:16 p.m. after determining a quorum was present.

II. CERTIFICATION OF THE POSTING OF THE NOTICE OF THE REGULAR MEETING: Chancellor Pickelman confirmed that the Notice for the meeting had been properly posted. No action was required. A copy is attached as Exhibit “B.”

III. APPROVAL OF THE MINUTES OF THE JULY 27, 2006 BUDGET MEETING AND THE AUGUST 14, 2006 SPECIAL MEETING: Upon a motion by Mr. Fox and a second to the motion by Dr. Basaldua, the Board approved the minutes of the July 27th, 2006 Budget Meeting and the August 14, 2006 Special Meeting. Mr. Bates abstained from the vote to approve the minutes of the July 27, 2006 Budget Meeting. Ms. Kelly abstained from the vote to approve the minutes of the August 14, 2006 Special Meeting.

IV. FINANCIAL REPORT AND CONSIDERATION:

Consideration of Adoption of Proposed 2006-07 Budgets (ACTION ITEM 1): Upon a motion by Mr. Bates and a second to the motion by Ms. Kelly, the Board unanimously adopted the proposed 2006-07 Budgets.

V. ADJOURNMENT: there being no further business, Mr. McIver adjourned the meeting at 6:20 p.m.

ATTEST:

_________________________________   ______________________________
Board of Trustees, Chair     Board of Trustees, Secretary
MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
DISTRICT SERVICES AND TRAINING CENTER BOARD ROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
August 29, 2006
12:00 p.m.

PRESENT: Mr. David McIver, Chair
Mr. David Vogt, Vice Chair
Dr. Martin Basaldua
Mr. Randy Bates
Ms. Priscilla Kelly
Ms. Stephanie Marquard

ABSENT: Ms. Maria Flotte O’Neill, Secretary
Mr. John Fox, Assistant Secretary
Dr. Richard Campbell

I. CALL TO ORDER: Mr. McIver called the special meeting by teleconference to order at 12:12 p.m. Ms. Judy Stubblefield conducted the roll call as follows:

<table>
<thead>
<tr>
<th>TRUSTEE</th>
<th>PRESENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>David McIver</td>
<td>yes</td>
</tr>
<tr>
<td>David Vogt</td>
<td>yes</td>
</tr>
<tr>
<td>Martin Basaldua</td>
<td>yes</td>
</tr>
<tr>
<td>Randy Bates</td>
<td>yes</td>
</tr>
<tr>
<td>Priscilla Kelly</td>
<td>yes</td>
</tr>
<tr>
<td>Stephanie Marquard</td>
<td>yes</td>
</tr>
</tbody>
</table>

II. CERTIFICATION OF THE POSTING OF THE NOTICE OF THE MEETING: Chancellor Pickelman confirmed that the Notice for the meeting had been properly posted. No action was required. A copy is attached as Exhibit “A”.

III. POLICY REPORTS AND CONSIDERATIONS:

1. Consideration of Approval of the Order Calling a Special Annexation Election (ACTION ITEM 1): the Board Chair recommended that the Board consider Action Items 1, 2 and 3 as a single motion. Mr. Bates made a motion to approve the order calling the special annexation election, adopt the resolution regarding the special annexation election and approve the joint election agreement with Montgomery County. A second to the motion was made by Ms. Kelly. The motion carried by a 6-0 roll vote as follows:

<table>
<thead>
<tr>
<th>TRUSTEE</th>
<th>VOTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>David McIver</td>
<td>yes</td>
</tr>
<tr>
<td>David Vogt</td>
<td>yes</td>
</tr>
<tr>
<td>Martin Basaldua</td>
<td>yes</td>
</tr>
</tbody>
</table>
2. **Consideration of Adoption of a Resolution Regarding Special Annexation Election (ACTION ITEM 2):** the Board Chair recommended that the Board consider Action Items 1, 2 and 3 as a single motion. Mr. Bates made a motion to approve the order calling the special annexation election, adopt the resolution regarding the special annexation election and approve the joint election agreement with Montgomery County. A second to the motion was made by Ms. Kelly. The motion carried by a 6-0 roll vote as follows:

<table>
<thead>
<tr>
<th>TRUSTEE</th>
<th>VOTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>David McIver</td>
<td>yes</td>
</tr>
<tr>
<td>David Vogt</td>
<td>yes</td>
</tr>
<tr>
<td>Martin Basaldua</td>
<td>yes</td>
</tr>
<tr>
<td>Randy Bates</td>
<td>yes</td>
</tr>
<tr>
<td>Priscilla Kelly</td>
<td>yes</td>
</tr>
<tr>
<td>Stephanie Marquard</td>
<td>yes</td>
</tr>
</tbody>
</table>

3. **Consideration of the Approval of the Joint Election Agreement and Election Services Agreement with Carol Gaultney, Elections Administrator of Montgomery County (ACTION ITEM 3):** the Board Chair recommended that the Board consider Action Items 1, 2 and 3 as a single motion. Mr. Bates made a motion to approve the order calling the special annexation election, adopt the resolution regarding the special annexation election and approve the joint election agreement with Montgomery County. A second to the motion was made by Ms. Kelly. The motion carried by a 6-0 roll vote as follows:

<table>
<thead>
<tr>
<th>TRUSTEE</th>
<th>VOTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>David McIver</td>
<td>yes</td>
</tr>
<tr>
<td>David Vogt</td>
<td>yes</td>
</tr>
<tr>
<td>Martin Basaldua</td>
<td>yes</td>
</tr>
<tr>
<td>Randy Bates</td>
<td>yes</td>
</tr>
<tr>
<td>Priscilla Kelly</td>
<td>yes</td>
</tr>
<tr>
<td>Stephanie Marquard</td>
<td>yes</td>
</tr>
</tbody>
</table>

**IV. Adjournment:** there being no further business, Mr. McIver adjourned the special meeting at 12:17 p.m.

**ATTEST:**

[Signatures]

Board Chair ___________________________________________ Board Vice Chair ___________________________________________
Consideration of Consent Agenda

Board Meeting 9-7-06

Consent Agenda: A roll call of individual action items will determine the consent agenda. If a trustee has a question or plans to cast a negative vote regarding a specific recommendation, then the trustee/trustees need to acknowledge their intention to the Chair by show of hand during the roll call: this action item will be considered in the regular order of business as an individual action item.

Those action items that the trustees plan to approve without further question or discussion will be placed on the consent agenda during roll call of individual action items. Upon the creation of the consent agenda, a motion, a second to the motion, and unanimous approval of the Board of Trustees is needed to approve the action items. Upon approval of the consent agenda, the Board of Trustees will proceed with the remainder of the agenda.

Rationale: The consent agenda format is an organization process for meetings that allow the governing board to focus their time and attention on action items that require more elaboration, information, and/or discussion. The intent of the consent agenda is to support efficiency and effectiveness of the meeting.

Tally of Action Items:

<table>
<thead>
<tr>
<th>#</th>
<th>Action Item</th>
<th>Consent Agenda</th>
<th>Chancellor Recommended Separate Action</th>
<th>Board Separate Action</th>
</tr>
</thead>
<tbody>
<tr>
<td># 1</td>
<td>Approve Travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 2</td>
<td>Approve Joint Election Agreement/Harris County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 3</td>
<td>Approve Investment Broker Dealer List</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 4</td>
<td>Approve Appointment/HC/MC Tax Assessors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 5</td>
<td>Approve Resolution Over 65/Disabled Tax Limitation</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td># 6</td>
<td>Approve Management Plan/Interest Rate Swaps</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td># 7</td>
<td>Approve Order/Resolution/Interest Rate Swap Agrmt</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td># 8</td>
<td>Approve Purchase Rack Distribution Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 9</td>
<td>Approve Purchase/Printing/Mailing/Credit Sch/_mailers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#10</td>
<td>Approve Design/Corporate/Continuing Ed Sch/TC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#11</td>
<td>Approve Purchase Janitorial Services/CFC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#12</td>
<td>Ratify Replacement/Wall Talker Surfaces/CFC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#13</td>
<td>Approve Purchase/Online Core Ref Database Licenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#14</td>
<td>Ratify Additional Funds/Advertising Services</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>#15</td>
<td>Approve Extension Multi-Year Agreements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#16</td>
<td>Approve Area Job Order Contract Purchases</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#17</td>
<td>Approve Purchase Commodity Internet/Internet2 Svcs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#</td>
<td>Description</td>
<td>Consent</td>
<td>Chancellor Recommended</td>
<td>Separate Action</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------------------------------------</td>
<td>---------</td>
<td>------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>#18</td>
<td>Approve Agreement/“mtvU” Program Service/NHC</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#19</td>
<td>Ratify Digital Imaging Services/DSTC</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#20</td>
<td>Approve Purchase/Software Licenses</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#21</td>
<td>Authorize Chancellor/Negotiate Contract/Sell Land</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#22</td>
<td>Approve Purchase Prof Svcs/Construction/NHC/TC</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#23</td>
<td>Approve Purchase Prof Svcs/Construction/NHC/MC</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#24</td>
<td>Adopt Resolution/Ordinance Tax Rate 2006</td>
<td>______</td>
<td>______</td>
<td>X</td>
</tr>
<tr>
<td>#25</td>
<td>Approve Lawn Service Agreement/TC/DSTC</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#26</td>
<td>Approve Agreement/Employee Assistance Program</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#27</td>
<td>Approve Elective 457 (b) Plan</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#28</td>
<td>Ratify Appointments</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#29</td>
<td>Accept Resignations</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>#30</td>
<td>Approve Commissioning Peace Officers</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval for Board of Trustees Travel

Chancellor’s Recommendation: That the Board of Trustees authorize Randy Bates, Martin Basaldua and Richard Campbell to attend the Association of Community College Trustees Leadership Congress to be held in Orlando, Florida on October 11-14, 2006.

Rationale: The annual conference programs and activities provide an opportunity for trustee development.

Fiscal Impact: Funds have been approved for professional development in the 2005-2006 Budget.

Resource: John Pickelman 832-813-6515
Policy Report and Consideration No. 2  (ACTION ITEM 2)  Board Meeting 9-7-06

Request: Consideration of Approval of the Joint Election Agreement with Harris County

Chancellor’s Recommendation: That the Board of Trustees approve the election agreement for the joint election in November which provides for the sharing of facilities, election officials, election equipment and expenses and outlines the specific responsibilities of each entity.

Rationale: Although the expense to hold a joint election with Harris County in November using each of the County’s polling location is higher than previous District elections, the sharing of facilities, election officials, election equipment will result in greater convenience for voters and is permitted under Section 271.002(a) of the Texas Election Code.

Fiscal Impact: Harris County has advised the District will receive the estimate for NHMCCD’s proportionate expenses for the joint election by mid-September. Funds are available in the FY 2006-07 operating budget for the District.

Staff Resource: Judy Stubblefield 832-813-6514
Report: Articulation and Joint Admission Agreements

Goal: To continuously provide transfer opportunities for students from high school to NHMCCD and from NHMCCD to four year colleges and universities

Indicator: NHMCCD has 247 high school articulation agreements with 29 ISDs.

NHMCCD has 871 tech prep plans with 25 ISDs.

The District has joint admissions agreements with five universities.

The District has 132 university articulation agreements.

Staff Resource: Steve Head 832-813-6522
Linda Luehrs-Wolfe 832-813-6504
North Harris Montgomery Community College District
New Articulation, New Joint Admissions and Affiliate Agreements

A. New NHMCCD Articulation Agreements with High Schools
   - Spring ISD – DFTG 1305 Technical Drafting
   - Spring ISD - ITSE 1445 Intro. to Oracle SQL
   - Montgomery ISD – ITSE 1402 Computer Programming OR ITSE 1407 Intro. to C++ Programming
   - New Caney ISD – WLDG 1421 Intro. to Welding Fundamentals AND WLDG 1428 Intro. To Shielded Metal Arc Welding (SMAW)
   - Nursing course updates (RNSG 1119-Integrated Nursing Skills I to RNSG 1172-Preparation for Basic Care) - Aldine, Klein, New Caney, Splendora, Spring, Willis, Bryan, and College Station Independent School Districts

B. New NHMCCD Tech Prep Agreements with High Schools
   - Logistics AAS at Cy-Fair College – Aldine, Conroe, Houston, Huntsville, and Spring Branch Independent School Districts
   - Professional Office Technology-Business Administrative Support Specialization AAS at Cy-Fair, Kingwood, Montgomery, North Harris, and Tomball Colleges - Aldine, Cleveland, Conroe, Cy-Fair, Humble, Huntsville, Klein, Magnolia, Montgomery, New Caney, Spring, Tomball, Willis, Bellville, Bryan, College Station, Columbus, Hempstead, Nacogdoches, Sealy, and Waller Independent School Districts

C. New Dual Credit Agreements
   - Cy-Fair College – Cypress Fairbanks ISD
   - Cy-Fair College – Tomball ISD
   - North Harris College – Spring ISD (updated)
   - Tomball College – Concordia Lutheran High School
   - Tomball College – Northland Christian School
   - Tomball College – Comquest Academy

D. New NHMCCD Joint Admissions Agreement with Universities
   - University of Houston

E. NHMCCD currently has Joint Admissions (Concurrent Enrollment) Agreements with:
   - Sam Houston State University
   - University of Houston – Downtown
   - Texas Southern University
   - Prairie View A&M University
### F. New Articulation Agreements with Universities

The following are new Articulation Agreements:

<table>
<thead>
<tr>
<th>University</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angelo State University</td>
<td>Honors Program</td>
</tr>
<tr>
<td>Bellevue University</td>
<td>Arts</td>
</tr>
<tr>
<td></td>
<td>Science</td>
</tr>
<tr>
<td></td>
<td>Fine Arts</td>
</tr>
<tr>
<td>Capella University</td>
<td>All Bachelor Degree Programs</td>
</tr>
<tr>
<td>Sam Houston State University</td>
<td>Art</td>
</tr>
<tr>
<td>Stephen F. Austin</td>
<td>Interior Design</td>
</tr>
<tr>
<td>The Art Institute</td>
<td>Fine Arts in:</td>
</tr>
<tr>
<td></td>
<td>*Media Arts and Animation</td>
</tr>
<tr>
<td></td>
<td>*Graphic Design</td>
</tr>
<tr>
<td></td>
<td>*Interior Design</td>
</tr>
<tr>
<td></td>
<td>*Interactive Media Design</td>
</tr>
<tr>
<td>University of Houston-Downtown</td>
<td>Urban Teacher Education</td>
</tr>
<tr>
<td>University of Texas – Brownsville</td>
<td>Technology</td>
</tr>
</tbody>
</table>

August 10, 2006
Report: Monthly Financial Statements

The financial statements for the month ended July 31, 2006 are presented for Board review.
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CURRENT OPERATING FUNDS, EXCLUDING THE TECHNOLOGY FUND
REVENUES, EXPENDITURES AND OTHER CHANGES - BUDGET & ACTUAL
FOR THE ELEVEN MONTHS ENDED JULY 31, 2006

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Budget</th>
<th>Actual</th>
<th>% of Prior Year</th>
<th>Actual</th>
<th>% of Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE APPROPRIATIONS</td>
<td>$49,155,000</td>
<td>$44,472,346</td>
<td>90.47%</td>
<td>$40,871,612</td>
<td>91.60%</td>
</tr>
<tr>
<td>TUITION AND FEES</td>
<td>37,314,000</td>
<td>38,235,765</td>
<td>102.47%</td>
<td>34,002,593</td>
<td>100.42%</td>
</tr>
<tr>
<td>TAXES</td>
<td>70,100,000</td>
<td>70,225,661</td>
<td>100.18%</td>
<td>59,844,090</td>
<td>99.14%</td>
</tr>
<tr>
<td>INVESTMENTS</td>
<td>700,000</td>
<td>1,277,983</td>
<td>182.57%</td>
<td>596,921</td>
<td>88.80%</td>
</tr>
<tr>
<td>OTHER</td>
<td>2,116,000</td>
<td>1,959,285</td>
<td>92.59%</td>
<td>1,899,750</td>
<td>80.32%</td>
</tr>
<tr>
<td><strong>TOTAL EDUCATIONAL AND GENERAL REVENUES</strong></td>
<td>159,385,000</td>
<td>156,171,040</td>
<td>97.98%</td>
<td>137,214,966</td>
<td>96.71%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expense Source</th>
<th>Budget</th>
<th>Actual</th>
<th>% of Prior Year</th>
<th>Actual</th>
<th>% of Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL ADMINISTRATION &amp; STUDENT SERVICES</td>
<td>22,026,648</td>
<td>19,094,927</td>
<td>86.69%</td>
<td>17,588,023</td>
<td>89.59%</td>
</tr>
<tr>
<td>GENERAL INSTITUTIONAL</td>
<td>12,308,730</td>
<td>9,383,570</td>
<td>76.24%</td>
<td>7,952,127</td>
<td>87.07%</td>
</tr>
<tr>
<td>STAFF BENEFITS</td>
<td>9,342,793</td>
<td>7,945,181</td>
<td>85.04%</td>
<td>8,219,359</td>
<td>93.06%</td>
</tr>
<tr>
<td>RESIDENT INSTRUCTION</td>
<td>60,949,594</td>
<td>55,515,676</td>
<td>91.08%</td>
<td>51,614,098</td>
<td>94.65%</td>
</tr>
<tr>
<td>GENERAL ACADEMIC PROGRAMS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESIDENT INSTRUCTION VOCATIONAL-TECHNICAL PROGRAMS</td>
<td>22,552,994</td>
<td>20,509,607</td>
<td>90.94%</td>
<td>20,029,427</td>
<td>92.85%</td>
</tr>
<tr>
<td>LIBRARY</td>
<td>7,096,452</td>
<td>6,229,986</td>
<td>87.79%</td>
<td>5,979,505</td>
<td>90.24%</td>
</tr>
<tr>
<td>EXTENSION AND PUBLIC SERVICE</td>
<td>819,776</td>
<td>743,928</td>
<td>90.75%</td>
<td>665,572</td>
<td>91.46%</td>
</tr>
<tr>
<td>PHYSICAL PLANT OPERATION AND MAINTENANCE</td>
<td>19,748,013</td>
<td>16,155,421</td>
<td>81.81%</td>
<td>13,659,048</td>
<td>87.75%</td>
</tr>
<tr>
<td><strong>TOTAL EDUCATIONAL AND GENERAL EXPENDITURES</strong></td>
<td>154,845,000</td>
<td>135,578,296</td>
<td>87.56%</td>
<td>125,707,159</td>
<td>92.01%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Changes</th>
<th>Budget</th>
<th>Actual</th>
<th>% of Prior Year</th>
<th>Actual</th>
<th>% of Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEBT SERVICE &amp; FUND TRANSFERS</td>
<td>2,700,000</td>
<td>2,075,305</td>
<td>76.86%</td>
<td>2,058,652</td>
<td>76.47%</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN FUND BALANCES</strong></td>
<td>$990,000</td>
<td>$17,650,202</td>
<td>$9,394,662</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

**STATEMENT OF OPERATIONS - TECHNOLOGY FUND**

**REVENUES, EXPENDITURES AND OTHER CHANGES - BUDGET & ACTUAL**

**FOR THE ELEVEN MONTHS ENDED JULY 31, 2006**

<table>
<thead>
<tr>
<th></th>
<th>92 % OF FISCAL YEAR</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR</th>
<th>% OF 08/31/05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>ACTUAL</td>
<td></td>
<td>ACTUAL</td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology fee</td>
<td>$ 4,720,000</td>
<td>$ 4,772,030</td>
<td>101.10%</td>
<td>$ 4,543,217</td>
</tr>
<tr>
<td>Investments</td>
<td>60,000</td>
<td>81,624</td>
<td>136.04%</td>
<td>51,190</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>45,000</td>
<td>48,755</td>
<td>108.34%</td>
<td>27,643</td>
</tr>
<tr>
<td><strong>Total revenues &amp; additions</strong></td>
<td>$ 4,825,000</td>
<td>$ 4,902,409</td>
<td>101.60%</td>
<td>$ 4,622,050</td>
</tr>
</tbody>
</table>

| **EXPENDITURES:**    |         |        |                      |           |        |
| Automated Library System |         |        |                      |           |        |
| Salaries and Benefits | -       | -      | -                   | 58,514 | 91.56% |
| Services             | 237,886 | 228,747 | 96.16% | 174,534 | 77.73% |
| Travel and Professional Development | 5,290 | 5,282 | 99.85% | 6,772 | 88.41% |
| Supplies             | 17,890  | 12,692 | 70.94% | 10,524 | 71.72% |
| Communications       | 24,050  | 22,001 | 91.48% | 4,084 | 28.68% |
| Equipment            | -       | -      | -                   | -        | -      |
| **Total Dynix Library System** | 285,116 | 268,722 | 94.25% | 254,428 | 77.88% |

| Datatel Services     |         |        |                      |           |        |
| Salaries and Benefits | 6,122  | 6,220 | 101.60% | 114,732 | 88.12% |
| Services             | 981,589 | 955,874 | 97.38% | 844,851 | 91.22% |
| Travel and Professional Development | 20,000 | 6,988 | 34.94% | 68,453 | 99.07% |
| Supplies             | 7,408  | 6,142 | 82.91% | 1,094 | 39.54% |
| Communications       | 14,336  | 13,792 | 96.21% | 11,682 | 79.35% |
| Equipment            | 10,542  | 10,542 | 100.00% | 265,440 | 76.90% |
| **Total Datatel Services** | 1,039,997 | 999,558 | 94.28% | 1,306,252 | 87.78% |

| E-Mail Services & Telecommunications |         |        |                      |           |        |
| Administrative Salaries and related benefits | -       | -      | -                   | 90,117 | 95.20% |
| Services             | 908,274 | 870,342 | 95.82% | 548,032 | 87.13% |
| Travel and Professional Development | 27,875 | 18,995 | 68.14% | 18,786 | 140.03% |
| Supplies             | 47,719  | 23,688 | 49.64% | 5,173 | 54.86% |
| Communications       | 130,780 | 116,928 | 89.41% | 90,218 | 88.37% |
| Equipment            | 837,808 | 810,794 | 96.78% | 216,015 | 77.15% |
| **Total E-Mail Services & Telecommunications** | 1,952,456 | 1,840,747 | 94.28% | 968,341 | 85.80% |

| Campus Support       |         |        |                      |           |        |
| Salaries and Benefits | -       | -      | -                   | 22,949 | 92.83% |
| Services             | 100,982 | 60,649 | 60.06% | 60,790 | 97.99% |
| Supplies             | 689,767 | 547,810 | 79.42% | 170,616 | 57.67% |
| Travel               | 17,233  | 15,689 | 91.04% | -    | -      |
| Equipment            | 1,339,449 | 1,282,179 | 95.72% | 842,021 | 82.79% |
| **Total Campus Support** | 2,147,431 | 1,906,327 | 88.77% | 1,096,376 | 78.33% |

| **Total expenditures** | 5,425,000 | 5,015,354 | 92.45% | 3,625,397 | 83.48% |

| **NET INCREASE (DECREASE) IN FUND BALANCE** | $ (600,000) | $ (112,945) | $ 996,653 |

8/16/2006 2:07 PM
## NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
### BALANCE SHEET
#### JULY 31, 2006

**Operating Funds**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Unrestricted</th>
<th>Auxiliary</th>
<th>Restricted</th>
<th>Loan Funds</th>
<th>CIP</th>
<th>Investment in Fixed Assets</th>
<th>Interest and Sinking</th>
<th>Bond Payable</th>
<th>Agency Funds</th>
<th>Memorandum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 4,854,871</td>
<td>$ 661,792</td>
<td>($ 668,520)</td>
<td>$ 471,580</td>
<td>($ 1,997,969)</td>
<td>$ -</td>
<td>$ 70,634</td>
<td>$ -</td>
<td>$ 886,415</td>
<td>$ 4,278,803</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(net of allowance for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>doubtful accounts)</td>
<td>11,769,616</td>
<td>13,252</td>
<td>4,263,741</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(net of allowance for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>doubtful amounts of $1,916,955 and $898,333 in the Current Unrestricted and Plant Retirement of Indebtedness Funds, respectively)</td>
<td>4,599,841</td>
<td>2,091,466</td>
<td>6,691,307</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from grantor agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from other funds</td>
<td>17,222,542</td>
<td>1,461,353</td>
<td>5,811,485</td>
<td>161,173</td>
<td>5,644,211</td>
<td>139,028</td>
<td>786,038</td>
<td>31,226,009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>48,114,409</td>
<td>7,798</td>
<td>10,883,623</td>
<td>59,005,830</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>211,412</td>
<td>211,412</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>54,034</td>
<td>2,019</td>
<td>56,053</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>87,883</td>
<td>48,864</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>42,313,685</td>
<td>42,313,685</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>315,396,925</td>
<td>315,396,925</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>5,589,001</td>
<td>5,589,001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library books</td>
<td>11,461,642</td>
<td>11,461,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture, Fixtures &amp; Equipment</td>
<td>18,179,649</td>
<td>18,179,649</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalized Interest Costs</td>
<td>4,650,717</td>
<td>4,650,717</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction In Progress</td>
<td>902,055</td>
<td>902,055</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 86,914,608</td>
<td>$ 2,185,440</td>
<td>$ 9,414,504</td>
<td>$ 632,753</td>
<td>$ 3,646,242</td>
<td>$ 398,495,654</td>
<td>$ 11,184,751</td>
<td>$ 1,923,754</td>
<td>$ 516,400,386</td>
<td></td>
</tr>
</tbody>
</table>

**LIABILITIES AND FUND BALANCES**

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th>Unrestricted</th>
<th>Auxiliary</th>
<th>Restricted</th>
<th>Loan Funds</th>
<th>CIP</th>
<th>Investment in Fixed Assets</th>
<th>Interest and Sinking</th>
<th>Bond Payable</th>
<th>Agency Funds</th>
<th>Memorandum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 1,346,280</td>
<td>22,053</td>
<td>30,336</td>
<td>$ 8,344</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 1,407,013</td>
<td></td>
</tr>
<tr>
<td>Accrued salaries</td>
<td>2,549,429</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,549,429</td>
<td></td>
</tr>
<tr>
<td>Due to other funds</td>
<td>20,165,875</td>
<td>1,227,097</td>
<td>7,293,104</td>
<td>147,122</td>
<td>1,763,200</td>
<td>629,521</td>
<td>19,026,224</td>
<td>3,721,141</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>15,995,529</td>
<td>939,229</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18,179,649</td>
<td></td>
</tr>
<tr>
<td>Accrued charitable services payable</td>
<td>3,721,141</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,650,717</td>
<td></td>
</tr>
<tr>
<td>Accrued Interest Payable</td>
<td>4,816,502</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,816,502</td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>234,747,698</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets held in custody for others</td>
<td>1,151,745</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>43,778,254</td>
<td>1,249,150</td>
<td>9,414,504</td>
<td>147,122</td>
<td>1,771,544</td>
<td>6,907,968</td>
<td>234,747,698</td>
<td>1,928,434</td>
<td>299,944,674</td>
<td></td>
</tr>
</tbody>
</table>

**FUND BALANCES:**

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Auxiliary</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>43,136,354</td>
<td>936,290</td>
<td>485,631</td>
</tr>
<tr>
<td>1,874,698</td>
<td>398,493,654</td>
<td>6,276,783</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Restrictions</th>
<th>Unrestricted</th>
<th>Auxiliary</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>234,747,698</td>
<td>1,928,434</td>
<td>299,944,674</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL FUND BALANCES**

| 43,136,354 | 936,290 | - | 485,631 | 1,874,698 | 398,493,654 | 6,276,783 | (234,747,698) | - | 216,455,712 |

**TOTAL LIABILITIES AND FUND BALANCES**

| 86,914,608 | 2,185,440 | 9,414,504 | 632,753 | 3,646,242 | 398,495,654 | 11,184,751 | - | 1,928,434 | 516,400,386 |

8/16/2006 2:08 PM
### Operating Funds

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Auxiliary</th>
<th>Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,599,097</td>
<td>$1,097,346</td>
<td>-</td>
<td>$26,696,443</td>
</tr>
</tbody>
</table>

### Plant Funds

<table>
<thead>
<tr>
<th>Loan Funds</th>
<th>Investment in CIP</th>
<th>Fixed Assets and Sinking</th>
<th>Interest Payable</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$485,631</td>
<td>($161,003)</td>
<td>$398,493,654</td>
<td>$953,329</td>
<td>$177,437,903</td>
</tr>
</tbody>
</table>

### Memo

#### Loan, Investment in CIP, Fixed Assets and Sinking

<table>
<thead>
<tr>
<th>Fund Balances, September 1, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Funds revenue</td>
</tr>
<tr>
<td>Taxes</td>
</tr>
<tr>
<td>Federal grants and contracts</td>
</tr>
<tr>
<td>State grants and contracts</td>
</tr>
<tr>
<td>Local gifts, grants and contracts</td>
</tr>
<tr>
<td>Interest income</td>
</tr>
<tr>
<td>Revenue Bond debt service transfer from Operating</td>
</tr>
<tr>
<td>Bond proceedings</td>
</tr>
<tr>
<td>Total revenues and other additions</td>
</tr>
</tbody>
</table>

#### Expenditures and Other Deductions

| Current Funds expenditures       | 141,958,088                 |
| Expended for plant facilities    | 2,161,730                   |
| Administrative and collection costs | 395,717                    |
| Bond Issuance cost               | 50,219,749                  |
| Bond principal payments          | 15,171,675                  |
| Lease principal payments         | 2,161,730                   |
| Bond agency fees                 | 43,216                      |
| Total expenditures and other deductions | 144,033,397               |

#### Memorandum

| Debt Service
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND BALANCES, JULY 31, 2006</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>Current Year</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>2006</td>
</tr>
</tbody>
</table>

### NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CHANGES IN FUND BALANCES**

**FOR THE ELEVEN MONTHS ENDED JULY 31, 2006**
### NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
### SUMMARY OF INVESTMENTS
### AS OF JULY 31, 2006

<table>
<thead>
<tr>
<th>Book Value</th>
<th>Market Value</th>
<th>Weighted Avg. Days To Maturity</th>
<th>Weighted Avg. Purchase Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING UNRESTRICTED</strong> (Includes Renewal and Replacement Funds)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Government Agencies</td>
<td>$20,748,147</td>
<td>$20,416,368</td>
<td>2.82%</td>
</tr>
<tr>
<td>US Treasury Bills</td>
<td>6,951,071</td>
<td>6,913,963</td>
<td>4.94%</td>
</tr>
<tr>
<td>Logic</td>
<td>2,143</td>
<td>2,143</td>
<td>5.24%</td>
</tr>
<tr>
<td>Lone Star</td>
<td>13,388,424</td>
<td>13,388,424</td>
<td>5.26%</td>
</tr>
<tr>
<td>TexPool</td>
<td>7,024,624</td>
<td>7,024,624</td>
<td>5.25%</td>
</tr>
<tr>
<td>Overnight Sweep</td>
<td></td>
<td></td>
<td>4.29%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>48,114,409</td>
<td>47,745,522</td>
<td>106</td>
</tr>
<tr>
<td><strong>OPERATING RESTRICTED</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lone Star</td>
<td>7,798</td>
<td>7,798</td>
<td>5.26%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>7,798</td>
<td>7,798</td>
<td>1</td>
</tr>
<tr>
<td><strong>CONSTRUCTION IN PROGRESS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lone Star</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TexPool</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INTEREST &amp; SINKING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. Treasury Bills</td>
<td>692,730</td>
<td>688,968</td>
<td>5.00%</td>
</tr>
<tr>
<td>Logic</td>
<td>1,071</td>
<td>1,071</td>
<td>5.24%</td>
</tr>
<tr>
<td>Lone Star</td>
<td>10,185,529</td>
<td>10,185,529</td>
<td>5.26%</td>
</tr>
<tr>
<td>TexPool</td>
<td>4,293</td>
<td>4,293</td>
<td>5.25%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>10,883,623</td>
<td>10,879,861</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td>$59,005,830</td>
<td>$58,633,181</td>
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Benchmark: 90 day U. S. Treasury Bill for Current Unrestricted and Restricted Funds 5.08%
Benchmark: 1 year U. S. Global Agency for Construction in Progress and Interest & Sinking Funds 5.28%

Weighted Average pool funds use the daily average yield
## NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
### INVESTMENT ACTIVITY REPORT
#### FOR THE MONTH ENDED JULY 31, 2006

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<th></th>
<th>Operating</th>
<th>Avg</th>
<th>Buy</th>
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<tr>
<td><strong>BEGINNING BOOK VALUE</strong></td>
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<td>$ 55,553,514</td>
<td>4.16%</td>
<td>$ 7,775</td>
<td>4.92%</td>
<td>$10,672,404</td>
<td>4.82%</td>
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<th>Unrestricted*</th>
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<td><strong>PURCHASES:</strong></td>
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<td>Lone Star</td>
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<tr>
<td>Overnight Sweep</td>
<td>100,214,749</td>
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<td><strong>TOTAL PURCHASES</strong></td>
<td>104,745,663</td>
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<td>109,895,358</td>
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| **MATURITIES**   |              |       |             |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |
| US Treasury Bills| 5,000,000    | 4.92% |            |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |
| Lone Star        | 7,038,242    | 5.25% |            |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |
| Overnight Sweep  | 100,214,749  | 4.29% |            |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |
| **TOTAL MATURITIES** | 112,252,991 | 4.38% |            |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |

|                  | 68,223       |       |              |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |
| **ENDING BOOK VALUE** | $ 48,114,409 | 4.16% | $ 7,798 | 5.26%           | $10,883,623      | 5.24%            | $59,005,830 | 4.36%            |                  |                  |                  |              |                  |                  |      |      |       |
| Beg. Unrealized Gains (Losses) | $ (396,029) |       |              |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |

|                  | 27,142       |       |              |                  |                  |                  |              |                  |                  |                  |                  |              |                  |                  |      |      |       |
| **ENDING MARKET VALUE** | $ 47,745,522 |       | $ 7,798 | $              | $10,879,861      | $                  | $58,633,181 | $              |                  |                  |                  |              |                  |                  |      |      |       |

*Includes Renewal & Replacement Fund
Request: Consideration of Approval of Investment Broker Dealer List for 2006-2007


Rationale: The Public Funds Investment Act requires that the Board approve those firms authorized to transact investment business with the District. For 2006-2007 the District has reduced the number of authorized broker dealers from 14 to 9. Because the District is not in the market on a frequent basis, the broker/dealers on a large list cannot expect to receive sufficient business from the District’s limited trade activity to allow them to provide helpful ongoing information, support and market coverage. The firms selected were chosen based on their size, market coverage and ability to assure competitive bids/offers in the District’s authorized market sectors. The list includes 4 primary dealers, 2 banks and 3 regional brokerage firms.

Each of the recommended brokers is currently authorized to transact business with the District. The District has completed the recertification process for each of the recommended broker dealers. In compliance with District policy and state law, each has been provided a copy of the District’s Investment Policy and has completed the required broker/dealer certification documenting their understanding of the Public Funds Investment Act and the suitability of investments according to the District's Investment Policy.

Fiscal Impact: None

Staff Resource: Cynthia Gilliam 832-813-6512
Ken Lynn 832-813-6545
North Harris Montgomery Community College District
Recommended Broker Dealers
2006-2007

Primary Dealers

Deutsche Bank
JP Morgan Securities
Morgan Stanley Dean Witter
UBS Financial Services

Banks

Frost National Bank Capital Markets
Wells Fargo

Regional Brokers

Coastal Securities
Duncan Williams
Vining Sparks Securities
Request: Consideration of Approval of Renewal of the Appointment of Paul Bettencourt, Harris County Tax Assessor-Collector, and J.R. Moore, Jr., Montgomery County Tax Assessor-Collector, to Collect Taxes Levied on Behalf of the District

Chancellor’s Recommendation: That the Board of Trustees renew the appointments of Paul Bettencourt, Harris County Tax Assessor-Collector to collect District property taxes in Harris County, and J.R. Moore, Jr., Montgomery County Tax Assessor-Collector, to collect District property taxes levied in Montgomery County, for the tax year 2006.

Rationale: The Texas Property Code permits the Board to appoint the individual serving as the County Tax Assessor-Collector to collect taxes for the District in that county. Both the Harris and Montgomery Offices of Tax Assessor-Collector request that the Board of Trustees annually acknowledge the renewal of this appointment.

Fiscal Impact: Costs associated with the collection of property taxes are included in the 2006-07 budget.

Staff Resource: Cindy Gilliam 832-813-6512
Ken Lynn 832-813-6545
Request: Consideration of Approval of Resolution to Establish a Limitation on the Total Amount of Taxes That May Be Imposed By NHMCCD on the Residence Homestead of an Individual 65 Years of Age or Older or Disabled

Chancellor’s Recommendation: That the Board of Trustees approve the attached Resolution establishing a tax freeze on the homestead residence of individuals 65 years of age or older or disabled.

Rationale: In 2003, the Texas Constitution was amended by the voters of the State to allow the governing body of a county, city or town, or a junior college district, by official action, to establish a limitation on the amount of ad valorem taxes that may be collected on the homestead residence of persons who are 65 years of age or over or disabled. The limitation on taxes that may be collected is effective while the homestead property remains the residence homestead of that person or that person’s spouse who is sixty-five (65) years of age or older or disabled and receives a residence homestead exemption on the homestead.

The District currently grants a $75,000 exemption on homestead property of taxpayers who are 65 or over or disabled. Action by the Board to approve the Resolution will, for persons who received the $75,000 exemption for the 2005 tax year, automatically establish 2006 as the base year for calculating the frozen tax amount. Taxpayers who did not receive the $75,000 exemption during the 2005 tax year but will turn 65 or become disabled during the 2006 calendar year, upon approval of the exemption application, will also establish the 2006 tax year as their frozen basis. Taxpayers who become 65 or disabled on or after January 1, 2007, upon approval of their exemption application, will establish 2007 as their base year for determining the frozen tax amount.

Fiscal Impact: There will be no fiscal impact on the District’s 2006-2007 fiscal year. The tax base for those who will immediately qualify for the freeze are being established during this time. The District estimates that the fiscal impact during the 2007-2008 fiscal year will be approximately $150,000.

Staff Resource: Cindy Gilliam 832-813-6512
Ken Lynn 832-813-6545
RESOLUTION CONCERNING EXEMPTION OF CERTAIN RESIDENCE HOMESTEADS FROM TAXATION

WHEREAS, the laws of the State of Texas provide, under certain circumstances, for the tax freeze of residence homesteads from ad valorem taxation; and

WHEREAS, the Board of Trustees of North Harris Montgomery Community College District (the “District”) desires to implement the following residence homestead exemption; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT THAT:

Section 1: The Board of Trustees of the District hereby approves the tax rate limitation on the total amount of taxes imposed on the appraised value of residence homesteads of individuals who are sixty-five years of age or older or disabled, as authorized by Article VIII, Section 1-b(h), Texas Constitution and Section 11.261, Texas Property Tax Code, as amended. Under the authority provided therein, the total amount of ad valorem taxes imposed by the District may not be hereafter increased upon a qualifying residential homestead while it remains the residence homestead of that person or that person’s spouse who is sixty-five (65) years of age or older or disabled and receives a residence homestead exemption on the homestead.

Section 2: This Resolution constitutes official action by the Board of Trustees of the District concerning the foregoing tax exemptions.

PASSED AND APPROVED on the 7th day of September, 2006.

____________________________________
Chair, Board of Trustees
North Harris Montgomery Community
College District

ATTEST:

____________________________________
Secretary, Board of Trustees
North Harris Montgomery Community
College District

(SEAL)
Request: Consideration of Approval of a Management Plan that Establishes Responsibilities and Guidelines for the Use of Interest Rate Swaps and Other Derivative Transactions

Chancellor’s Recommendation: That the Board of Trustees approve the attached Swap Management Plan as a foundation for managing interest rate swaps and other derivative transactions that may be considered by the District in the management of its debt portfolio.

Rationale: As a result of legislative action by the 79th Legislature, the District now has the authority under Government Code section 1371 to manage the District’s interest rate exposure from General Obligation Bonds and Revenue Bonds on a long-term basis. Prior to 2005, in the realm of higher education, only universities had been granted the authority to use certain financial tools such as loan agreements, revolving credit agreements, line of credit agreements, letters of credit and interest rate swaps, among others, to manage their financial operations.

As a result of current market conditions, the District’s financial advisors have identified an opportunity to save local taxpayers significant amounts of future interest costs through the use of an interest rate swap agreement. Because the authority to engage in interest rate swaps is new, the District has developed a Swap Management Plan to establish parameters for use, issuance and exit strategy considerations. It is the intent of the District to utilize these transactions effectively, prudently and with adequate oversight and management.

Fiscal Impact: No fiscal impact.

Staff Resource:

Cindy Gilliam 832-813-6512
Ken Lynn 832-813-6545
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

SWAP MANAGEMENT PLAN

SEPTEMBER 7, 2006
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### Exhibit

EXHIBIT I............................. Risks Associated with Interest Rate Swaps and Other Transactions
SWAP MANAGEMENT PLAN

1. INTRODUCTION

The purpose of the Swap Management Plan (“Plan”) of North Harris Montgomery Community College District (“NHMCCD” or “District”) is to establish responsibilities and guidelines for the use of interest rate swaps and other derivative transactions (“Transactions”) that are considered from time to time by the District in the management of its debt portfolio. In adhering to this Plan, the intention of the District is to utilize Transactions effectively, prudently and with adequate oversight and management.

2. PERMITTED PURPOSES FOR TRANSACTIONS

The following are purposes for which Transactions may be completed pursuant to this plan.

1.) To achieve a result superior to what may be achieved in the cash bond market. Comparative results will be calculated in a manner that takes into account interest costs and: (a) applicable fees, including takedown, remarketing fees, liquidity, credit enhancement, and legal fees, and (b) call options that may be available on the bonds. Examples of Transactions that may achieve this purpose include synthetic fixed rate debt and synthetic variable rate debt;

2.) To prudently hedge risk in the context of a particular financing or the overall asset/liability management of the District;

3.) To balance the ratio of fixed and variable rate debt;

4.) To incur variable rate exposure within prudent guidelines;

5.) To achieve more flexibility in meeting overall financial objectives than can be achieved in conventional markets.

No Interest Rate Swap may be entered into for any of the following purposes:

1.) Speculation;
2.) Investment;
3.) Leverage.

3. DUTIES AND RESPONSIBILITIES

The District’s Administration is responsible for reviewing the activities of the District to determine compliance with the guidelines and restrictions established by this Plan. The Administration will periodically report the status and other matters relating to each Transaction to the Board of Trustees (the “Board”) and will submit certain information specified herein relating to any contemplated Transactions, prior to execution. The Board will be responsible for reviewing and approving any changes to this Plan.

4. PERMITTED TRANSACTIONS

The District may enter into any of the following Transactions for the purposes set forth above in Section 2: interest rate swaps, basis swaps, interest rate caps, interest rate floors, interest rate collars, options on interest rate swaps, and other similar Transactions.
The District may from time to time shorten, terminate, extend, or otherwise modify Transactions in order to manage its risk exposure, balance assets and liabilities, reduce debt cost, or better serve any of the purposes in Section 2.

5. **GUIDELINES**

1.) *Legality*: NHMCCD must receive an acceptable opinion from the District’s bond counsel that the agreement relating to the Transaction is a legal, valid and binding obligation of the District and that entering into the Transaction complies with applicable State and Federal laws.

2.) *Goals*: NHMCCD must clearly state the goals to be achieved through the Transaction and must adopt execution parameters consistent with such goals. (See Section 6 below.)

3.) *Rating Agencies*: The Transaction being entered into will be structured to avoid any adverse impact on any existing NHMCCD credit rating. In addition to the legal constraints noted above, the Transaction will conform to outstanding commitments with bond insurers, credit enhancers, and surety providers, if any. All Transactions should be discussed with the rating agencies prior to execution, and cannot be executed if doing so would negatively impact NHMCCD’s credit ratings.

4.) *Duration*: NHMCCD shall determine the appropriate term for a Transaction on a case-by-case basis. However, in no circumstances may the term of a swap agreement extend beyond the final maturity date of the related debt of NHMCCD.

5.) *Impact on Variable Rate Capacity*: The impact of the Transaction on NHMCCD’s variable rate capacity shall be quantified prior to execution and considered in light of NHMCCD’s plan to issue traditional variable rate debt to fund capital projects.

6.) *Impact on Existing Debt Policies*: The implementation of Transactions will not conflict with existing bond covenants and/or debt policies of the District.

7.) *Accounting for Transactions*: The District shall reflect the use of Transactions within its financial statements in accordance with generally accepted accounting principles. For each Transaction, the impact of compliance with GASB Technical Bulletin No. 2003-1 must be reviewed and a process for implementing compliance must be put in place.

8.) *Staffing*: NHMCCD must maintain appropriate staff with responsibility and knowledge adequate for monitoring swap transactions.

9.) *Exit Strategy*: The mechanics for determining termination values at various times and upon various occurrences must be explicit in the Transaction agreement. The District should obtain estimates under various scenarios of the potential termination benefits or costs, which might occur and plan for how such costs would be funded or benefits would be utilized.

10.) *Risk Exposure*: Prior to entering into a Transaction, the District shall evaluate all the risks inherent in the Transaction. The risks to be evaluated should include counterparty risk, termination risk, basis risk, tax event risk, variable rate bond (rollover) risk and amortization risk (see Exhibit I). The District should receive a matrix of termination values for any Transaction, which will show possible termination values at future dates under an appropriately wide range of future interest rate assumptions.

NHMCCD shall endeavor to diversify its exposure to counterparties. To that end, before entering into a Transaction, it should determine its exposure to the relevant counterparty and determine how the proposed Transaction would affect its exposure.
6. **APPROVAL OF TRANSACTIONS**

The following Transaction approval procedures are intended to assure both adequate Board oversight of Transactions and the necessary flexibility to timely execute Transactions.

1). The Board, from time to time when deemed appropriate, will authorize specific parameters for each Transaction. The parameters will be set out in a term sheet which will be presented to the Board prior to execution of any Transaction. The parameters will include at least the following with respect to interest rate swaps and, as applicable, other Transactions:

- Type of Transaction, e.g., fixed receiver swap, fixed payer swap, basis trade, including any optionality associated with the Transaction;
- Benefits/Reasons the District should enter into the Transaction;
- Maximum notional amount of Transaction;
- Term of Transaction;
- Index to be used (e.g., LIBOR, BMA, etc.);
- Timing of the Transaction;
- Security;
- Counterparty(s);
- Specific form of International Swap Dealers Association, Inc. (“ISDA”) Master Agreement with counterparty(s);
- Risk identification and assessment;
  - Risks inherent in underlying variable rate debt if related to the Transaction;
  - Counterparty risk – ratings and collateral thresholds;
  - ISDA termination triggers; and
  - ISDA collateral triggers.
- Default provisions;
- Exit strategies;
  - Voluntary – rate cycle movement and potential for added value; and
  - Involuntary – source of termination payment; liquidity concerns and impacts on reserves.
- Quantification;
- Expected scenario;
- Termination scenarios – with rates both up and down;
- Default scenarios; and
- Basis risk – market volatility and tax law change.

✔ Any other parameter(s) deemed appropriate by the Board.

2). The Board shall also structure specific parameters for the termination of any existing Transaction, in its entirety; at any time the Board deems termination to be in the best interests of NHMCCD. Any partial terminations or offsetting (reverse) Transactions must be authorized in advance in a term sheet approved by the Board.

3). The Chancellor or his designee is authorized and directed to enter into, on behalf of the District, any Transactions, and only those Transactions, that are within an authorized set of specific parameters established by the Board.

7. FORM OF TRANSACTION DOCUMENTATION

Each Transaction shall be documented by an ISDA Master Agreement and such other terms and conditions included in any schedules, confirmations, and credit support annexes as are within the parameters established by the Board through the procedures above.

8. METHODS OF SOLICITING AND PROCURING TRANSACTIONS

8.1 PROCUREMENT PROCESS

NHMCCD may procure swap agreements through one of three methods: (1) negotiated, (2) quasi-negotiated, or (3) competitive bid.

1.) **Negotiated Method:** In the case of a negotiated transaction, NHMCCD will take reasonable steps to assure that the rate it receives is commensurate with similarly structured Transactions in the marketplace at that time. All third party payments associated with the swap will be disclosed in the written confirmation. The Administration will then make a counterparty recommendation to the Board.

2.) **Quasi-Negotiated Method:** A minimum of three potential counterparties shall be evaluated based on credit ratings, terms and conditions, capital position, fees, counterparty exposure, reporting capabilities, or any other factors deemed in the best interest of NHMCCD. The Administration will then make a counterparty recommendation to the Board.

3.) **Competitive Bid Method:** Transaction counterparties meeting the requirements below shall be selected to participate in a competitive bid. The District may award the transaction to the firm(s) that submits the best conforming bid as defined in the solicitation for bid. Firm(s) may be allowed to resubmit their bid to match the best bid, and by doing so, may be considered for a specific percentage of the transaction. The Administration will then make a counterparty recommendation to the Board.
8.2 QUALIFIED SWAP COUNTERPARTIES

NHMCCD shall be authorized to enter into Transactions only with qualified counterparties. Qualified counterparties must be rated at least “Aa3” or “AA-” or the equivalent by any two of the nationally recognized rating agencies (i.e. Moody’s, Standard and Poor’s, or Fitch); or have a “AAA” subsidiary as rated by at least one nationally recognized credit rating agency. In addition, the counterparty must have a demonstrated record of successfully executing Transactions. The counterparty must agree to make available its audited financial statements and rating reports (and those of any guarantor) upon request of the District.

8.3 SWAP COUNTERPARTY EXPOSURE AND TRANSFER LIMITS

- The District will diversify its counterparty risk as needed.
- The District will not grant the counterparty the right to assign the swap except as may be agreed to by the District.
- If the maximum notional limit for a particular counterparty is exceeded solely by reason of merger or acquisition involving two or more counterparties, the District shall expeditiously analyze the exposure, but shall not be required to “unwind” existing swap transactions unless the District determines such action is in its best interest, given all the facts and circumstances.
- In any instance where the exposure limit is breached due to events beyond the control of the District (merger or acquisition included), the District will take the following steps:
  - Conduct a review of the exposure limit calculation of the counterparty;
  - Determine if collateral may be posted to satisfy the exposure limitation; and
  - Enter into an offsetting swap transaction, if possible and if necessary.
- The District will not enter into contracts with derivative product companies (“DPCs”) that are classified as “terminating” DPC’s by the rating agencies.

9. REGULAR MONITORING AND REPORTING

The Administration shall be responsible for the monitoring and reporting of outstanding Transactions. A written report providing the status of all Transactions will be provided to the Board, at least on an annual basis, and shall include the following:

1.) A summary of each Transaction, including but not limited to the type of Transaction, the rates paid by the District and received by the District, and other terms.
2.) A summary of all material changes to existing Transaction agreements.
3.) Market (Termination) value at current yields for each of the District’s Transaction positions.
4.) A summary of Transaction performance during the review period, which should include quantifying the District’s basis benefit/cost and the impact on overall Swap benefit.
5.) For each swap, a termination matrix showing the net impact to the District of a 25 and 100 basis point movement in interest rates (up and down) at 1-year, 5-years, and 10-years in the future.

6.) For each counterparty, the District shall provide the total notional amount, the average life of each Transaction, the available capacity to enter into a new Transaction with the counterparty, and the remaining term of each Transaction.

7.) The credit rating of each counterparty and credit enhancer insuring Transaction payments, if any.

8.) Actual collateral posting by counterparty, if any, by Transaction and in total by counterparty.

9.) Information concerning any Transaction default by a counterparty and the results of the default, including but not limited to any financial impact to the District.

10.) A summary of any Transactions that were terminated.

In addition, as information becomes known to the Administration, it will report to the Board on the following:

1.) Credit rating downgrades of counterparties to a level lower than the requirements specified in this Plan.

2.) The enactment of a change in tax law or the existence of a long-term market shift that produces or is likely to produce consistently negative cash flows on transactions subject to basis risk.

3.) Any unforeseen event that is likely to continue and materially and negatively impacts the expected results of the Transaction.

The Administration will renew the District’s Plan on an annual basis and recommend appropriate changes to the Board.

10. RISK REDUCING BUDGET METHODOLOGY

To conservatively manage the possible variation in cash flows under a swap, the District will provide for probable basis difference through a basis cost reserve that is maintained at a minimum of the worst historic year’s basis cost calculated at the percentage of index utilized to determine district receipts from the counterparty times the notional amount of the swap that remains outstanding. The District will also consider the need for other reserves based on the transaction specifics and market conditions at the time of issuance. Any contingent liabilities will be examined from the perspective of the probability of a negative outcome for the district and the expected amount of such contingency.

11. COLLATERAL REQUIREMENTS

As appropriate, the District may require collateral or other credit enhancement to be posted by each counterparty under the following circumstances:

1.) Swap counterparties may be required to post collateral if their credit ratings fall below the “AA” category. Posting of additional collateral for further decreases in a counterparty(s) credit ratings may also be required and such terms should be reflected in each ISDA with the District.

2.) Collateral shall be deposited with a third party trustee under a tri-party safekeeping agreement to be agreed upon during negotiation of the agreement with each counterparty or as mutually agreed upon between the District and each counterparty.
3.) A list of acceptable securities that may be posted as collateral and the valuation methodology and timing for such collateral will be determined and mutually agreed upon during negotiation of the agreement with each counterparty.

4.) Any collateral will be marked to market on at least a monthly basis. Collateral deficiencies shall be cured on a timely basis.

5.) The District will establish thresholds for the initial collateral and for increments of collateral posting (“minimum transfer amounts”) thereafter.

6.) The Administration, as appropriate, in consultation with the swap advisor and bond counsel, shall determine on a case by case basis whether forms of credit enhancement other than or in addition to collateralization are in the best interests of the District.

12. TERMINATION PROVISIONS

12.1 VOLUNTARY TERMINATION

All Transaction contracts shall contain provisions granting the District, but not the counterparty, the unilateral right to terminate a Transaction agreement at any time. In general, the District will exercise its right to terminate an agreement only if it will produce a benefit to the District, either through receipt of a payment from termination or, if a termination payment is made by the District, in conjunction with conversion to a more beneficial or desirable obligation of the District.

12.2 MANDATORY TERMINATION

A termination payment to or from the District may be required in the event of termination of a swap agreement due to a default or a decrease in credit rating of either the District or the counterparty. Prior to making any such termination payment, the Administration will evaluate whether it is financially advantageous for the District to obtain a replacement counterparty to avoid making a termination payment.

In the event of default by a counterparty whereby the District would be required to make a termination payment, the District will proceed as follows:

1.) In order to mitigate the financial impact of making a payment at the time the payment is due, the District will seek to replace the terms of the terminated Transaction with a replacement Transaction. The replacement counterparty will make an upfront payment to the District in an amount that will substantially offset the payment obligation of the District to the original counterparty.

2.) If a satisfactory agreement with a replacement counterparty is not reached, the District will be required to make a termination payment to the original defaulting counterparty. Funds for the payment will be made from available monies, the levy of taxes in the subsequent fiscal year and/or the issuance of refunding obligations. The Administration will report any such termination payments to the Board at the next Board meeting.

13. FINANCIAL STATEMENT DISCLOSURE REQUIREMENTS

Pursuant to GASB Standards, the District is required to disclose the current value (“positive/negative”) of any outstanding interest rate swap agreements within their audited financial statements. The disclosures required
include the objective of the interest rate swap, key terms, market value, counterparty risk, interest rate risk and termination risk.

14. CONTRACTS WITH PROFESSIONALS FOR SERVICES RELATED TO THIS PLAN

The Administration may contract with outside professionals for assistance in fulfilling any of the obligations or objectives of the District under this Plan. The services to be provided by the professional will be set forth in the respective contracts.
EXHIBIT I

RISKS ASSOCIATED WITH INTEREST RATE SWAPS AND SIMILAR TRANSACTIONS

✓ Counterparty Risk – Risk that the counterparty will not make future payments or will not make a termination payment due to the District.

✓ Termination Risk – The risk that a swap could be terminated, while valued in favor of or against the District, as a result of any of several events, which may include: a credit rating downgrade for the District, the swap insurer (if applicable) or counterparty; a swap payment or covenant violation by either party; as defined by the applicable swap documentation.

✓ Basis Risk – The risk of a mismatch between the interest rate received pursuant to a swap agreement and the interest rates actually owed on the District’s related debt or payment obligation. The mismatch could occur for various reasons, including market conditions, tax law changes (see below) or credit quality deterioration of the District.

✓ Tax Event Risk – All issuers who issue tax-exempt variable rate debt inherently accept risk stemming from possible future changes in marginal income tax rates and other possible tax law changes that affect the relative value and relationship between taxable and tax exempt interest rates. A reduction or elimination in the benefits of tax exemption for municipal bonds (e.g., a tax cut that results in an increase in tax-exempt yields, or a structural change such as a flat tax) could significantly increase the expected variable interest rates, decrease or eliminate the expected swap benefit, and/or expose the District to potential loss.

✓ Variable Rate Bond (Rollover) Risk – If a variable rate issue is partially hedged using a Fixed Pay Swap that is shorter in duration than the life of the bonds, NHMCCD is subject to the risk that it may not be able to re-hedge its variable rate exposure with a new swap once the initial swap expires.

✓ Amortization Risk – The potential cost to the District of servicing debt or honoring swap obligations resulting from a mismatch of District’s outstanding debt and the notional amount of an outstanding swap agreement. Amortization risk occurs to the extent debt and swap notional amounts become mismatched over the life of a transaction.
BACKGROUND . . . In May 2006, HB 153 became law. This enabling legislation gives College Districts of NHMCCD’s size the same ability to utilize interest rate swaps for debt financing and refinancing as other large Issuers, like the UT System. Depending on market conditions, interest rate swaps may reduce a district’s net debt service obligation. Interest Rate Swap transactions have been completed by the State of Texas, various university systems like UT and Rice, and many local issuers like Katy ISD, Pasadena ISD, City of Houston, Houston-Harris County Sports Authority, etc.

In today’s interest rate market, short term 30-day and 1-year interest rates are almost equal to 5- and 10-year interest rates. This rare market environment provides an opportunity for a Constant Maturity Swap (“CMS”) against outstanding bonds which could produce additional revenues to reduce debt service (somewhat like a refunding). This can be done for either the district’s revenue bonds or general obligation bonds that were voted with credit authority. Bonds voted after 1999 contained credit agreement authority.

RESULTS . . . Currently, the expected net present value benefit for a CMS transaction on approximately $40 million of outstanding general obligation bonds is 10.95% ($4,506,248) of the notional principal amount, or about $6,870,075 of future benefit over the life of the bonds. A CMS on approximately $25 million of outstanding revenue bonds produces 5.58% ($1,404,743) present value benefit and $1,979,590 future benefit over the life of the bonds.

RECOMMENDATION . . . We recommend that the District adopt a swap management plan that establishes goals and limitations regarding swaps as well as an exit strategy. Policy would require review of maximum risk exposure levels and development of minimum expected benefit thresholds each time that the district considers an interest rate swap. We then recommend that NHMCCD consider this financing structure when market conditions/savings and other circumstances are favorable to the District. To minimize the risk of swap provider default, the policy provides that the provider must be rated in the “AA” category by Standard and Poor’s or Moody’s. This swap against existing debt is designed to save net interest costs and is market sensitive. We recommend that the District plan for a “parameter sale” at its September 7 meeting to give authorized representatives and the financing team up to 120 days to execute the CMS if/when conditions are favorable and meet authorized sale parameters.

PRIMARY RISKS . . . The primary risks assumed by NHMCCD in a CMS is that of yield curve risk and income tax risk. Yield Curve Risk: In most market conditions, borrowers and investors experience higher interest rates as maturity length increases. This is described as an upward sloping yield curve. Today, short-term rates are virtually identical to long term rates. If the yield curve becomes steeper in the case of a Constant Maturity Swap the District’s swap would have an unrealized gain. Conversely, if the yield curve becomes less steep or inverted in the case of a CMS, the swap would have an unrealized loss. GASB rules require marking the swap to its market value monthly. Such changes in market value are recognized as either a gain or loss. Income Tax Risk: The risk that changes in tax laws reduce or eliminate the relative value of tax-exemption. Termination Risk: The risk the swap is terminated at a time when the market value of the swap results in a loss. Any termination would be at market value. Only the District will have the ability to optionally terminate. There are only two involuntary termination events. First, is a default on debt and second, a drop in credit rating to BBB- by either the District or the Swap Provider.

MECHANICS . . . North Harris Montgomery Community College District pays the fixed rate on its existing or proposed bonds and enters into a CMS with a qualified bank rated at least “Aa3” by Moody’s or “AA-” by Standard and Poor’s.

- The District receives a percentage of 10-Year CMS from the qualified bank, and the District pays BMA (Bond Market Association Index, 7-Day Tax-Exempt Index) to the qualified bank.
- As the District elects to pay BMA, the expected net benefit will result from the assumption of yield curve risk and tax risk.
Request: Consideration of Approval of a Fourth Supplemental Resolution Authorizing the Execution and Delivery of Interest Rate Swap Agreements Related to the District’s Revenue Bonds and an Order Authorizing the Execution and Delivery of Interest Rate Swap Agreements Related to the District’s General Obligation Bonds; Approving Counterparties Therefor; Delegating Authority to Enter into Such Interest Rate Swap Agreements and to Approve Certain Other Procedures and Provisions Related Thereto

Chancellor’s Recommendation: That the Board of Trustees approve the attached Order and Supplemental Resolution authorizing the execution and delivery of interest rate swap agreements; approve the counterparties to such agreements; and, grant such authority as may be necessary to approve and execute the required documents.

Rationale: As a result of legislative action by the 79th Legislature, the District now has the authority under Government Code section 1371 to manage the District’s interest rate exposure from General Obligation Bonds. Section 1371 of the Code was amended to give community college districts the authority to use certain financial tools such as loan agreements, revolving credit agreements, line of credit agreements, letters of credit and interest rate swaps, among others, to manage their financial operations.

As a result of current market conditions, the District’s financial advisors have identified a potential opportunity to save District taxpayers significant amounts of future interest costs on currently outstanding General Obligation and Revenue Bonds through the use of interest rate swap agreements.

The Supplemental Resolution and Order under consideration grants the Chancellor and the Vice Chancellor for Business Affairs/Chief Financial Officer the authority to engage in an interest rate swap within certain limits as described more fully in the Supplemental Resolution and Order. The execution authority expires on December 7, 2006.

Fiscal Impact: The contractual annual debt service requirements of the bonds subject to the swap are unaffected by the swap agreement and will continue to be assessed as an ad valorem tax by the District. Swap payments received from the Counterparty as a result of the agreements will be recorded in the Debt Service and Operating funds as appropriate and in accordance with GASB pronouncements, and will be available to offset debt service requirements.

Staff Resource: Cindy Gilliam 832-813-6512
Ken Lynn 832-813-6545
ORDER AUTHORIZING THE EXECUTION AND DELIVERY OF INTEREST RATE SWAP AGREEMENTS; APPROVING COUNTERPARTIES THEREFOR; DELEGATING AUTHORITY TO ENTER INTO SUCH INTEREST RATE SWAP AGREEMENTS AND TO APPROVE CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AND PROVIDING OTHER PROVISIONS RELATING THERETO

WHEREAS, the Board of Trustees (the “Board”) of the North Harris Montgomery Community College District (the “District”) is authorized to enter into credit agreements, including interest rate swap agreements, pursuant to Chapter 1371, Texas Government Code (the “Act”); and

WHEREAS, the voters of the District authorized the issuance of $183,750,000 in bonds at an election held within the District on December 9, 2000 (the “Election”) and authorized the levy of a tax to pay the costs of credit agreements executed in connection with such bonds; and

WHEREAS, the District has issued all of the bonds authorized at the Election; and

WHEREAS, the Board has identified outstanding bonds of the District issued pursuant to the Election (further described in Exhibit A attached hereto) as “obligations” under the Act related to the swap agreements authorized herein; and

WHEREAS, the Board has determined that the execution and delivery of one or more interest rate swap agreements on the terms and subject to the conditions set forth in this Order will provide the District with a lower cost of borrowing;

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF TRUSTEES OF THE NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT:

Section 1. Definitions. As used in the Order, the following terms and expressions shall have meanings set forth below, unless the text specifically indicates otherwise:

“Authorized Representatives” shall mean (i) the Chancellor and (ii) the Vice Chancellor of Business Affairs and Chief Financial Officer.

“Bonds” shall mean all bonds authorized in the Election and issued as Limited Tax General Obligation Building and Refunding Bonds, Series 2001 (including that portion of the District’s Limited Tax Refunding Bonds, Series 2005A issued to refund Series 2001 Bonds), Limited Tax General Obligation Building and Refunding Bonds, Series 2002, and Limited Tax General Obligation Building and Refunding Bonds, Series 2003; provided however that, in the event that all or any portion of the Bonds are redeemed or prepaid prior to their scheduled maturity (and to the extent allowed by law), the Authorized Representatives may identify other Obligations of the District that are similar to the Bonds as being the Obligations that are deemed to related to the 2006 Swap Agreements.

“Master Swap Agreement” shall mean, collectively, the ISDA Master Agreement and the schedule thereto, between the District and the Swap Provider, in substantially the form presented
to the Board, with such changes as shall be approved by an Authorized Representative, and any amended, substitute, replacement or successor Master Swap Agreement.

“Obligations” shall have the meaning provided by Chapter 1371, Texas Government Code, as amended.

“Qualified Swap Counterparty” shall mean Citibank, N.A., Bear Stearns & Co., Morgan Stanley & Co. or other such nationally recognized investment banking firm experienced in serving as a counter party, as shall be selected by an Authorized Representative; provided, that such firm must be rated at least “Aa3” or “AA-“ or the equivalent by any two of the nationally recognized rating agencies (i.e. Moody’s, Standard & Poor’s, or Fitch) or have a “AAA” subsidiary (as rated by at least one nationally recognized credit rating agency) to support its obligations as counterparty.

“2006 Swap Agreements” shall mean, collectively, the Master Swap Agreement(s) and any confirmation(s) (pursuant to which the District and a Qualified Swap Counterparty enter into an interest rate swap transaction) relating to the Bonds, and any amended, substitute, replacement or successor swap agreement with respect to the Bonds.

Section 2. Approval of Swap Terms and Parameters. The interest rate swap agreement terms and parameters set forth in Section 3 of this Order are hereby approved and adopted by the Board for and on behalf of the District as the terms and parameters with respect to the 2006 Swap Agreement(s) to be entered into by an Authorized Representative pursuant to the authority conferred by this Order.

Section 3. Delegation of Authority. As authorized by Section 45.0011, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended, the Authorized Representatives are hereby authorized to act on behalf of the District in executing and delivering one or more 2006 Swap Agreements with a Qualified Swap Counterparty and any instruments in connection with such 2006 Swap Agreements, including without limitation pricing and delivering the 2006 Swap Agreements, setting the dates, interest rates, interest payment periods, and other terms and procedures relating to the 2006 Swap Agreements, and all other matters not expressly provided in this Order, relating to the execution and delivery of the 2006 Swap Agreements; provided that:

(a) the maximum aggregate notional amount of the 2006 Swap Agreements shall not exceed the aggregate principal amount of the Bonds now outstanding;

(b) the maximum term of the 2006 Swap Agreement shall not exceed the maximum term of the Bonds now outstanding;

(c) the District’s periodic payments under the 2006 Swap Agreements shall not exceed an amount that is equal to the amount that would be produced by the accrual of interest on the notional amount of the 2006 Swap Agreements at the maximum net effective interest rate allowed by Chapter 1204, Texas Government Code, as amended;

(d) following the execution of the 2006 Swap Agreements, the District will not have bonds issued and outstanding pursuant to Section 130.1221 in an amount that is
greater than twenty-five percent (25%) of the sum of: (i) the aggregate principal, amount of all District debt payable from ad valorem taxes that is outstanding plus (ii) the aggregate principal amount of all District bonds payable from ad valorem taxes that have been authorized but not issued.

Section 4. Tax Levy. (a) Pursuant to the authority granted by the Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year hereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax, within the limits prescribed by law, on all taxable property within the District at a rate sufficient to pay the principal of and interest on the Bonds as set forth in the orders authorizing their issuance, and to pay the costs of the 2006 Swap Agreements executed in connection with the Bonds, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and the costs of the 2006 Swap Agreements, when and as due and payable in accordance with their terms and this Order.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the District most recently approved in accordance with law and the money thus collected shall be deposited as collected into the Debt Service Fund.

(c) There is hereby appropriated from available funds of the District currently on hand, sufficient amounts to pay the costs of the Swap Agreements through and including January 1, 2007. Such amounts appropriated herein, if retained or if expended and requiring replenishment, may be considered when levying the tax authorized herein.

Section 5. Expiration of Authority. The authority conferred to the Authorized Representatives hereunder to enter into the 2006 Swap Agreements shall expire on December 7, 2006.

Section 6. Open Meeting. It is hereby officially found and determined that the meeting at which this Order was adopted was open to the public, and public notice of the time, place and purpose of the meeting was given, all as required by the Texas Open Meetings Act.

Section 7. Effective Date. This Order shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Order.

Section 9. Repealer. All orders, resolutions and ordinances, or part thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.
FINALLY PASSED, APPROVED AND EFFECTIVE the _____ day of __________, 2006.

________________________
Chair, Board of Trustees  
North Harris Montgomery Community  
College District

ATTEST:

________________________
Secretary, Board of Trustees  
North Harris Montgomery Community  
College District

(SEAL)
# EXHIBIT A

## SERIES 2002

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**Total** $22,075,000

## SERIES 2003

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**Total** $9,185,000

## Series 2005-A

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**Total** $9,895,000
FOURTH SUPPLEMENTAL RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF INTEREST RATE SWAP AGREEMENTS; APPROVING COUNTERPARTIES THEREFOR; DELEGATING AUTHORITY TO ENTER INTO SUCH INTEREST RATE SWAP AGREEMENTS AND TO APPROVE CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AND PROVIDING OTHER PROVISIONS RELATING THERETO

WHEREAS, the Board of Trustees of North Harris Montgomery Community College District adopted on June 27, 2000, the "Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Trustees of North Harris Montgomery Community College District" (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution established the Revenue Financing System, and pledged the Pledged Revenues to the payment of Parity Obligations to be outstanding under the Master Resolution; and

WHEREAS, pursuant to Supplemental Resolutions dated June 27, 2000, February 6, 2003 and November 6, 2003, the Board authorized the issuance of its Revenue Financing System Improvement and Refunding Bonds, Series 2000; Revenue Financing System Improvement and Refunding Bonds, Series 2003; and Revenue Financing System Improvement and Refunding Bonds, Series 2003-A (the “Revenue Bonds”); and

WHEREAS, the Board is authorized to enter into credit agreements, including interest rate swap agreements, pursuant to Chapter 1371, Texas Government Code (the “Act”); and

WHEREAS, the Board desires to enter into interest rate swap agreements related to and in connection with the payment of the outstanding Revenue Bonds pursuant to the Act; and

WHEREAS, the Board has determined that the execution and delivery of one or more interest rate swap agreements on the terms and subject to the conditions set forth in this Fourth Supplement will provide the District with a lower cost of borrowing;

WHEREAS, the interest rate swap agreements authorized by this Fourth Supplement are to be entered into pursuant to the laws of the State of Texas, including the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT:

Section 1. PREAMBLE; FINDINGS. (a) The matters and facts set forth in the preamble to this Fourth Supplement are hereby found to be true and correct. The terms used in this Fourth Supplement and not otherwise defined shall have the meanings given in the Master Resolution.
(b) The Board hereby finds that the District will have sufficient funds to meet the financial obligations of the Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the District relating to the Financing System. In addition, the Board finds that the District possesses the financial capability to satisfy the Annual Debt Service Obligations, and the District is in compliance with all covenants contained in the Master Resolution, the First Supplement, the Second Supplement and the Third Supplement and is not in default in the performance and observance of any of the terms, provisions, and conditions thereof.

(c) The Board hereby finds that, based upon the findings contained in a certificate executed and delivered by a Designated Financial Officer, the District will have sufficient funds to meet the financial obligations of the Financing System, including sufficient Pledged Revenues to satisfy the rate covenant set forth in Section 3(a) of the Master Resolution, after giving effect to the treatment of payments to be made under the 2006 Swap Agreements (as hereinafter defined) as Parity Obligations.

Section 2. Definitions. As used in this Fourth Supplement, the following terms and expressions shall have the meanings set forth below, unless the text specifically indicates otherwise:

“Authorized Representatives” shall mean (i) the Chancellor and (ii) the Vice Chancellor of Business Affairs and Chief Financial Officer.

“Revenue Bonds” shall mean the District’s Revenue Financing System Improvement and Refunding Bonds, Series 2000; Revenue Financing System Improvement and Refunding Bonds, Series 2003; and Revenue Financing System Improvement and Refunding Bonds, Series 2003-A; provided however that, in the event that all or any portion of the Revenue Bonds are redeemed or prepaid prior to their scheduled maturity (and to the extent allowed by law), the Authorized Representatives may identify other Obligations of the District that are similar to the Revenue Bonds as being the Obligations that are deemed to related to the 2006 Swap Agreements.

“Master Swap Agreement” shall mean, collectively, the ISDA Master Agreement and the schedule thereto, between the District and the Swap Provider, in substantially the form presented to the Board, with such changes as shall be approved by an Authorized Representative, and any amended, substitute, replacement or successor Master Swap Agreement.

“Obligations” shall have the meaning provided by Chapter 1371, Texas Government Code, as amended.

“Qualified Swap Counterparty” shall mean Citibank, N.A., Bear Stearns & Co., Morgan Stanley & Co. or other such nationally recognized investment banking firm experienced in serving as a counter party, as shall be selected by an Authorized Representative; provided, that such firm must be rated at least “Aa3” or “AA-“ or the equivalent by any two of the nationally recognized rating agencies (i.e. Moody’s, Standard & Poor’s, or Fitch) or have a “AAA” subsidiary (as rated by at least one nationally recognized credit rating agency) to support its obligations as counterparty.
“Swap Revenues” shall mean any revenues paid to the District as a result of the 2006 Swap Agreements.

“2006 Swap Agreements” shall mean, collectively, the Master Swap Agreement(s) and any confirmation(s) (pursuant to which the District and a Qualified Swap Counterparty enter into an interest rate swap transaction) relating to and in connection with the outstanding Revenue Bonds, and any amended, substitute, replacement or successor swap agreement with respect to the Revenue Bonds.

Section 3. Approval of Swap Terms and Parameters. The interest rate swap agreement terms and parameters set forth in Section 4 of this Fourth Supplement are hereby approved and adopted by the Board for and on behalf of the District as the terms and parameters with respect to the 2006 Swap Agreement(s) to be entered into by an Authorized Representative pursuant to the authority conferred by this Fourth Supplement.

Section 4. Delegation of Authority. As authorized by Chapter 1371, Texas Government Code, as amended, the Authorized Representatives are hereby authorized to act on behalf of the District in executing and delivering one or more 2006 Swap Agreements with a Qualified Swap Counterparty and any instruments in connection with such 2006 Swap Agreements, including without limitation pricing and delivering the 2006 Swap Agreements, setting the dates, interest rates, interest payment periods, and other terms and procedures relating to the 2006 Swap Agreements, and all other matters not expressly provided in this Fourth Supplement, relating to the execution and delivery of the 2006 Swap Agreements; provided that:

(a) the maximum aggregate notional amount of the 2006 Swap Agreements shall not exceed the aggregate principal amount of the Revenue Bonds now outstanding;

(b) the maximum term of the 2006 Swap Agreements shall not exceed the maximum term of the Revenue Bonds now outstanding; and

(c) the District’s periodic payments under the 2006 Swap Agreements shall not exceed an amount that is equal to the amount that would be produced by the accrual of interest on the notional amount of the 2006 Swap Agreements at the maximum net effective interest rate allowed by Chapter 1204, Texas Government Code, as amended.

Section 5. Establishment Of Financing System And Issuance Of Parity Obligations. By adoption of the Master Resolution the Board established the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the District. This Fourth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the 2006 Swap Agreements which are authorized pursuant to the Master Resolution. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the 2006 Swap Agreements are hereby declared to be Parity Obligations under the Master Resolution.

Section 6. SECURITY AND PAYMENTS. The 2006 Swap Agreements are special obligations of the District payable from and secured solely by the Pledged Revenues pursuant to
the Master Resolution and this Fourth Supplement. The Pledged Revenues are hereby pledged to the payments to be made under the 2006 Swap Agreements as the same shall become due and payable; and such pledge shall be on a parity with the pledge of Pledged Revenues to the Outstanding Parity Obligations. The 2006 Swap Agreements are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the Financing System. The District agrees to pay costs, if any, on the 2006 Swap Agreements when due.

Section 7. FLOW OF FUNDS. The District shall make deposits from Pledged Revenues and any Swap Revenues to the Debt Service Fund on or before each swap payment date set forth in the Master Agreement, so long as any 2006 Swap Agreements remain in force, such amounts, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the amounts owed, when due, on the 2006 Swap Agreements.

Section 10. PAYMENTS. On or before the first scheduled payment date, and on or before each payment date thereafter while any of the 2006 Swap Agreements are Outstanding, the District shall make available to the Paying Agent/Registrar, out of the Debt Service Fund (and the Reserve Fund, if necessary) monies sufficient to pay any costs of the 2006 Swap Agreements, as shall become due on such dates.

Section 11. Expiration of Authority. The authority conferred to the Authorized Representatives hereunder to enter the 2006 Swap Agreements shall expire on December 7, 2006.

Section 12. Open Meeting. It is hereby officially found and determined that the meeting at which this Fourth Supplement was adopted was open to the public, and public notice of the time, place and purpose of the meeting was given, all as required by the Texas Open Meetings Act.

Section 13. Effective Date. This Fourth Supplement shall be in full force and effect from and upon its adoption.

Section 14. Severability. If any section, paragraph, clause or provision of this Fourth Supplement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Fourth Supplement.

Section 15. Repealer. All orders, resolutions and ordinances, or part thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.
FINALLY PASSED, APPROVED AND EFFECTIVE the _____ day of __________, 2006.

Chair, Board of Trustees
North Harris Montgomery Community
College District

ATTEST:

Secretary, Board of Trustees
North Harris Montgomery Community
College District

(SEAL)
Request: Consideration of Approval to Purchase Rack Distribution Services for Spring, Summer, and Fall 2007 for the District

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of rack distribution services for Spring, Summer, and Fall 2007 to DistribuTech, 2901 W. Sam Houston Parkway North, Suite D-280, Houston, Texas 77043, in the amount of $51,495 annually for a total amount of $154,485 for three years.

Rationale: This proposal is for the distribution of the District’s credit schedules to local retailers in the zip codes for NHMCCD service areas. The schedules will be delivered on a monthly basis to Blockbuster, Bally’s Fitness, Gerlands, and The Kroger Stores. The rack display program will maintain consistent, well labeled displays with premium placement to provide maximum saturation of publications within the District’s service area. Additional duties will consist of the following:

- Clean the display and merchandise all publications
- Remove unauthorized publications
- Maintain computerized inventory and movement reports on each publication
- Update pocket identification labels to reflect the current display schematic

The term is for a period of three years effective September 2006 through August 2009 with the option to renew for two additional one year terms based on mutual consent. The District reserves the right to cancel the agreement with 30 days written notice for any reason including vendor non-performance.

Proposals were sent to three (3) distribution companies and one (1) response was received.

Fiscal Impact: Funds for this purchase are available from the approved FY 2006-07 operating budgets for each college.

Staff Resource: Ray Laughter 832-813-6621
                 Kerri Duhon 832-813-6564
Request: Consideration of Approval to Purchase Printing and Mailing of Credit Schedules and Mailers for Spring, Summer and Fall 2007 for the District

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of printing and mailing services for Spring, Summer and Fall 2007 credit schedules and mailers in the amount of $567,321 annually for a total of $1,134,642 for two years from the following vendors:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Amount</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trend Offset Printers</td>
<td>$324,471</td>
<td>Printing of credit schedules</td>
</tr>
<tr>
<td>TriStar Web Graphics</td>
<td>$56,100</td>
<td>Printing of mailers</td>
</tr>
<tr>
<td>National Mail Advertising Inc.</td>
<td>$17,865</td>
<td>Mailing of mailers</td>
</tr>
<tr>
<td>United States Postal Service</td>
<td>$168,885</td>
<td>Postage</td>
</tr>
</tbody>
</table>

Rationale: This purchase will consist of the printing and mailing of the credit schedules and mailers for the Spring, Summer, and Fall semesters for 2007. Printing services will include the use of high quality laser and color proofs of the entire publication for the District’s review, a press check for final approval, and delivery of each publication to the designated location. Mailing services will consist of providing updated residence counts for each zip code, mail preparation, and delivery to the post office.

In addition, we are requesting the Board’s approval to purchase postage for these printed materials. The United States Postal Service has estimated a total postage cost of $168,885 based on a standard flat rate.

These printing and mailing services will be for the period of September 2006 through August 2008. The District reserves the right to cancel the agreement with 30 days written notice for any reason including vendor non-performance.

Proposals were sent to thirty-nine (39) printing and mailing companies and twelve (12) responses were received. The low bidder for the mailing services, Liberty Press, was not selected because the mailers that will be printed in Houston by TriStar would be required to be shipped to Utah for mail preparation and then shipped back to Houston for mailing. This process would not be efficient as it would add several days to the mailing process. See attached Bid Tabulation.

Fiscal Impact: Funds for this purchase are included in the proposed FY 2006-07 operating budgets for the District.

Staff Resource: Ray Laughter 832-813-6621
Kerri Duhon 832-813-6564
## BID TABULATION

<table>
<thead>
<tr>
<th>Company</th>
<th>Printing Credit Schedules</th>
<th>Printing Mailer</th>
<th>Mailing</th>
<th>TOTAL (without Postage)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trend Offset Printing</strong></td>
<td>$324,471</td>
<td>$75,339</td>
<td>No Bid</td>
<td>$399,810</td>
<td>(Printing only)</td>
</tr>
<tr>
<td><strong>TriStar Press</strong></td>
<td>$386,418</td>
<td><strong>$56,100</strong></td>
<td>No Bid</td>
<td>$442,518</td>
<td>(Printing only)</td>
</tr>
<tr>
<td><strong>Liberty Press</strong></td>
<td>$361,599</td>
<td>$89,220</td>
<td>$15,120</td>
<td>$465,939</td>
<td>(Printing &amp; Mailing)</td>
</tr>
<tr>
<td><strong>Phillips Brothers</strong></td>
<td>$379,812</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$379,812</td>
<td>(Printing Credit Schedule only)</td>
</tr>
<tr>
<td><strong>National Mail Advertising Inc.</strong></td>
<td>No Bid</td>
<td>No Bid</td>
<td><strong>$17,865</strong></td>
<td>$17,865</td>
<td>(Mailing only)</td>
</tr>
<tr>
<td><strong>PrintMailers Inc.</strong></td>
<td>No Bid</td>
<td>No Bid</td>
<td>$18,864</td>
<td>$18,864</td>
<td>(Mailing only)</td>
</tr>
<tr>
<td><strong>Samaria Print Services</strong></td>
<td>No Bid</td>
<td>$101,250</td>
<td>No Bid</td>
<td>$101,250</td>
<td>(Printing Mailer only)</td>
</tr>
<tr>
<td><strong>Wright’s Printing</strong></td>
<td>No Bid</td>
<td>$144,810</td>
<td>No Bid</td>
<td>$144,810</td>
<td>(Printing Mailer only)</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval for Design of Corporate and Continuing Education Schedules for Tomball College

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of design services for the Corporate and Continuing Education Schedules for Tomball College from the lowest bidder, Crane Graphic Design, 26 Huntsman Horn Circle, The Woodlands, Texas 77380 in the amount of $8,580 annually for a total of $25,740 for three years.

Rationale: This proposal is for the design, layout, and production of a 52-page schedule for Spring, Summer, and Fall Corporate and Continuing Education Schedules for Tomball College.

The term of this design service will be for a period of three (3) years beginning September 2006 with the option to renew for two (2) additional one (1) year terms based on mutual consent. The District reserves the right to cancel the agreement with 30 days written notice for any reason including vendor non-performance.

Proposals were sent to eight (8) design companies and three (3) responses were received. See attached Bid Tabulation.

Fiscal Impact: Funds for this purchase are included in the proposed FY 2006-07 operating budget for Tomball College.

Staff Resource: John Fishero  281-618-5443  
Kerri Duhon  832-813-6564
Design of Corporate and Continuing Education Schedules
for Tomball College

BID TABULATION

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crane Graphic Design</td>
<td>$25,740</td>
</tr>
<tr>
<td>Cregan Design</td>
<td>$39,780</td>
</tr>
<tr>
<td>LJF Associates, Inc</td>
<td>$44,226</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval to Purchase Janitorial Services for Cy-Fair College

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of janitorial services for Cy-Fair College from Bonded Maintenance Company, dba ABM Janitorial Services, 2131 Gulf Central Drive, Houston, TX 77023 in the amount of $190,800 annually for a total of $572,400 for three years.

Rationale: The janitorial services agreement will provide nightly, weekly, monthly, and end of semester cleaning at Cy-Fair College. Cleaning services will be performed in the Center for the Arts, Technology Center, Learning Commons, College Center, Health Sciences Center, and Emergency Services Training Center. Six (6) day service will be performed at all buildings except for the Library, which will have a seven (7) day cleaning schedule.

The term of the agreement will be for thirty six months beginning October 1, 2006 and ending September 30, 2009 with the option to renew for two (2) additional one (1) year terms based upon mutual consent.

Bid proposals were sent to fifty-nine (59) janitorial service providers and seventeen (17) responses were received. The award of the Janitorial services was not based on pricing alone. Bid proposals were evaluated based upon the respondent’s total cost of services, number of employees assigned to project, onsite supervision, equipment investment, history and experience in higher education, training policies and procedures, and completeness and thoroughness of proposal. ABM Janitorial Services received the highest ranking. See attached Bid Tabulation.

Fiscal Impact: Funds for this purchase are included in the approved FY 2006-07 operating budget for Cy-Fair College. Future purchases will be included in proposed budgets for Cy-Fair College.

Staff Resource: Bob Williams 281-290-3936
Kerri Duhon 832-813-6564
# Janitorial Services for Cy-Fair College

## BID AND EVALUATION TABULATION

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Points</th>
<th>Monthly</th>
<th>Annual Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impace Building Services</td>
<td>42</td>
<td>$12,381</td>
<td>$148,572</td>
</tr>
<tr>
<td>Sanitors Services of Texas, L.P.</td>
<td>60</td>
<td>$13,664</td>
<td>$163,968</td>
</tr>
<tr>
<td>HBS National Corporation</td>
<td>74</td>
<td>$14,627</td>
<td>$175,524</td>
</tr>
<tr>
<td><strong>Bonded Maintenance Company (ABM Janitorial)</strong></td>
<td><strong>83</strong></td>
<td><strong>$15,900</strong></td>
<td><strong>$190,800</strong></td>
</tr>
<tr>
<td>Maintenance of Houston, Inc.</td>
<td>65</td>
<td>$15,991</td>
<td>$191,892</td>
</tr>
<tr>
<td>Janitorial Management Services</td>
<td>56</td>
<td>$17,369</td>
<td>$208,433</td>
</tr>
<tr>
<td>Lone Star Maintenance Co.</td>
<td>33</td>
<td>$18,533</td>
<td>$222,396</td>
</tr>
<tr>
<td>Marcis &amp; Associates</td>
<td>80</td>
<td>$18,913</td>
<td>$226,956</td>
</tr>
<tr>
<td>James Enterprise</td>
<td>45</td>
<td>$18,925</td>
<td>$227,100</td>
</tr>
<tr>
<td>Pritchard Industries Southwest, Inc.</td>
<td>50</td>
<td>$19,029</td>
<td>$228,348</td>
</tr>
<tr>
<td>McLemore Building Maintenance</td>
<td>75</td>
<td>$19,272</td>
<td>$231,264</td>
</tr>
<tr>
<td>Professional Janitorial Services</td>
<td>31</td>
<td>$20,400</td>
<td>$244,800</td>
</tr>
<tr>
<td>SSC Service Solutions</td>
<td>74</td>
<td>$20,537</td>
<td>$231,570</td>
</tr>
<tr>
<td>Come Land Maintenance</td>
<td>52</td>
<td>$20,686</td>
<td>$248,231</td>
</tr>
<tr>
<td>Omega Janitorial Service, LTD</td>
<td>25</td>
<td>$23,167</td>
<td>$278,002</td>
</tr>
<tr>
<td>C&amp;S Janitorial Services</td>
<td>31</td>
<td>$21,000</td>
<td>$252,000</td>
</tr>
<tr>
<td>Metroclean, Inc.</td>
<td>21</td>
<td>$23,588</td>
<td>$283,056</td>
</tr>
</tbody>
</table>
Request: Consideration of Ratification of Replacement of Wall Talker Surfaces in Three Classrooms at Cy-Fair College

Chancellor’s Recommendation: That the Board of Trustees ratify the Texas Cooperative Purchasing Network (TCPN) Area Job Order Contracting (AJOC) replacement of wall talker surfaces at Cy-Fair College from Kellogg Brown & Root, Inc. (KBR), 1854 East Beltway 8 South, Pasadena, TX 77503, in the amount of $50,336.

Rationale: Three co-joined classrooms at Cy-Fair College have been outfitted with wall talker surfaces which provide floor-to-ceiling writing surfaces on three of the four walls in each classroom. The original surfaces have been damaged beyond repair and need to be replaced.

Due to the time required to complete this project, it was essential to start work prior to the September Board meeting.

Texas Education Code, Section 44.041, Job Order Contracts for Facilities Construction or Repair allows the District to award job order contracts for minor construction, repair, rehabilitation or alteration of a facility if the work is of a recurring nature, but the delivery times and quantities are indefinite and quantities and orders are awarded substantially on the basis of predescribed and prepriced tasks.

Board Policy CFB and Title 7, Intergovernmental Relations, Chapter 791, subchapter 791.025 of the Government Code, states that a local government may agree with another local government or with the state or a state agency, including the TCPN, to purchase goods and services. The local government that purchases the goods and services satisfies the requirement of the local government to seek competitive bids for the purchase of goods and services. TCPN selected KBR through an extensive competitive bid process. The fixed unit price proposal was based upon RS Means Facilities Cost Data less a 30% discount, which was reasonable and within industry standards.

Fiscal Impact: This purchase was paid from the approved FY 2005-06 operating budget for Cy-Fair College.

Staff Resource: Steve Garner 832-813-6680
Bob Williams 281-290-3936
Kerri Duhon 832-813-6564
Request: Consideration of Approval of Purchase of Online Core Reference Database Licenses for District

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of online core reference database licenses from multiple vendors for the five college libraries in an amount not to exceed $227,000.

Rationale: The Library Database Committee, with a representative from each college library familiar with the college’s curriculum & courses, worked with faculty from the five colleges to select a list of essential online core reference databases for district wide licensing. The committee re-evaluates all databases each year. The databases are reviewed and evaluated through district-wide trials. Recommendations are made based on content, ease of use, and timeliness that will support the District’s curriculum and specific course outcomes. This list of recommended databases is then prioritized by the committee and submitted to the Library Executive Council for approval and budget planning.

A number of selected online databases are purchased through the Texas Statewide Texshare Academic Database program or through the state’s cooperative database purchasing program. As a member of the Texshare program, the District is subject to a greatly reduced access fee for use of the statewide databases. In addition, individual campus libraries subscribe to other online databases specifically licensed for their college that are selected with faculty recommendation to support that college’s curriculum and specific course outcomes.

Online reference databases, as well as much of their content, are copyrighted by the specific vendors owning them. Board Policy CFB states that an item for which competition is based on a patent, copyright, secret process or monopoly does not require a competitive search process prior to purchase.

Fiscal Impact: Funds for this purchase are included in the approved FY 2006-07 technology and operating funds for District.

Staff Resource: Steve Head 832-813-6522
Kerri Duhon 832-813-6564
## Essential Online Core Databases for FY 2006-07

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amigos / Groves</td>
<td>Groves Dictionary of Art Online</td>
</tr>
<tr>
<td>Amigos / H.W. Wilson</td>
<td>Biography Reference Bank</td>
</tr>
<tr>
<td>Amigos / Johns Hopkins</td>
<td>Project MUSE Full Collection</td>
</tr>
<tr>
<td>ARTstor</td>
<td>ARTstor</td>
</tr>
<tr>
<td>Countrywatch</td>
<td>Countrywatch</td>
</tr>
<tr>
<td>CQ Press</td>
<td>CQ Researcher</td>
</tr>
<tr>
<td>Chronicle of Higher Ed</td>
<td>Chronicle Online</td>
</tr>
<tr>
<td>Ebsco</td>
<td>Communication and Mass Media</td>
</tr>
<tr>
<td></td>
<td>History Reference Center</td>
</tr>
<tr>
<td></td>
<td>CINAHL Plus w/ Full Text</td>
</tr>
<tr>
<td></td>
<td>LinkSource &amp; A-to-Z+MARC</td>
</tr>
<tr>
<td>Facts on File News SyS</td>
<td>Facts.com/ Issues &amp; Contr</td>
</tr>
<tr>
<td>Gale/TexSelect</td>
<td>MLA International Bibliography</td>
</tr>
<tr>
<td></td>
<td>Opposing Viewpoints Resource Center</td>
</tr>
<tr>
<td>JSTOR</td>
<td>JSTOR (Arts &amp; Sciences I&amp;III)</td>
</tr>
<tr>
<td>Naxos USA</td>
<td>Naxos Music Library</td>
</tr>
<tr>
<td>Proquest</td>
<td>Proquest Research Library</td>
</tr>
<tr>
<td></td>
<td>National Newspapers</td>
</tr>
<tr>
<td></td>
<td>Houston Chronicle</td>
</tr>
<tr>
<td></td>
<td>New York Times Historical</td>
</tr>
<tr>
<td>RIA</td>
<td>RIA / AICPA (Accounting)</td>
</tr>
<tr>
<td>Software Express</td>
<td>Visual Thesaurus</td>
</tr>
<tr>
<td>Texas State Library and Archives Commission</td>
<td>TexShare Core Databases access fee</td>
</tr>
<tr>
<td>TexSelect</td>
<td>Stat!Ref</td>
</tr>
<tr>
<td></td>
<td>Bus &amp; Co Resource Ctr</td>
</tr>
<tr>
<td>West</td>
<td>Westlaw Campus Research</td>
</tr>
<tr>
<td>World and I</td>
<td>World and I</td>
</tr>
</tbody>
</table>


Request: Consideration of Ratification of Additional Funds for Advertising Services for District

Chancellor’s Recommendation: That the Board of Trustees ratify the additional funds for advertising services for the District from Edge Creative Strategies, LLC, 5300 Memorial Drive, Suite 970, Houston, TX 77007, in the amount of $70,000 for a total amount not to exceed $260,000 annually.

Rationale: On August 5, 2005, the Board of Trustees approved the Advertising Services Contract with Edge Creative Strategies in the amount not to exceed $190,000 annually. Additional funds were necessary to achieve the District base year advertising campaign which includes creating radio and newspaper advertisements and conducting workforce surveys.

Advertising and Marketing Services are key to reaching potential students and building corporate and community support. Outside expertise in multi-media buying and creative development of our messages is required in order to optimize impact and direction to the most effective media channels. Expertise and experience delivering these types of services on behalf of higher education is necessary. Branding and identity experience ensures that we continue to make progress toward presenting a strong image and position.

Fiscal Impact: This purchase was paid from the approved FY 2005-06 operating budget for the District.

Staff Resource: Ray Laughter 832-813-6621
           Kerri Duhon 832-813-6564
Request: Consideration of Approval to Extend Two Multi-Year Agreements for One Year for District

Chancellor’s Recommendation: That the Board of Trustees approve the extension of multi-year agreements for one year in the amount not to exceed $585,000.

Rationale: In September 2005 and February 2006, the Board of Trustees approved the list of qualified specialty snack and beverage retail/resale food service providers and temporary employment service providers for the District.

Retail Food Service Providers were selected to provide snack and beverages to students, visitors, and employees. These products are sold in NHMCCD Cafes and Coffee Shops to allow for the quick service, “Grab ‘N Go” needs, for the District campuses’ demographic.

The list of temporary service providers were qualified to provide employment staff on a temporary basis to the campus departments. Temporary staffing is necessary in order to continue normal operations during employee vacations or illnesses and allow departments to meet deadlines and complete projects quickly and effectively during peak periods.

These multi-year agreements were approved with the option to extend for an additional one (1) year at the District’s discretion and by mutual consent. Based upon satisfactory vendor performance, the District is requesting the Board’s approval to extend these agreements for an additional year.

If approved, the term of these agreements will be for a period of one year beginning September 2006 through August 2007. Purchases will be made via the District’s standard process of utilizing purchase orders and blanket purchase orders.

Fiscal Impact: Funds for this purchase are included in the proposed FY 2006-07 operating budgets for District.

Staff Resource: Steve Head 832-813-6522
Steve Garner 832-813-6680
Kerri Duhon 832-813-6564
### District Contract Extension for Supplies & Services

#### CONTRACT SUMMARY

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Contract Extension Period</th>
<th>Estimated Amount for FY 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Temporary Service Providers:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Principals</td>
<td>Renew Annually upon Mutual Consent</td>
<td>$120,000</td>
</tr>
<tr>
<td>Adecco USA, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A&amp;M Temporary Services, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AppleOne Employment Services, Inc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cypress Creek Personnel Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faremouth &amp; Company</td>
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<tr>
<td>Kelly Services</td>
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<tr>
<td>Kingwood Personnel</td>
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<tr>
<td>Link Staffing Services</td>
<td></td>
<td></td>
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<tr>
<td>Meador Staffing Service</td>
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<td></td>
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<tr>
<td>Reliable Staffing Corp.</td>
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<td></td>
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<tr>
<td>Robert Half International</td>
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<tr>
<td>Shupe Staffing Solutions, Inc</td>
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<tr>
<td>Spherion Staffing</td>
<td></td>
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<tr>
<td>Staff Force, Inc</td>
<td></td>
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<tr>
<td>Star Staffers</td>
<td></td>
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<tr>
<td>Vedior North America dba Account Pros, HRI</td>
<td></td>
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</tr>
<tr>
<td><strong>Snack and Beverage Resale (Retail Food Service Providers):</strong></td>
<td>1 of 2 Renewals</td>
<td>$465,000</td>
</tr>
<tr>
<td>Coca-Cola Bottling Co., of Houston</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bon Appetit, Inc. (Pastries)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chick-Fil-A (Several locations)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Pepper Bottling Co. of Houston</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frito-Lay, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lance Snack Foods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Brands Beverage Co. (Energy drinks)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Njoy Food Manufacturer, Houston</td>
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<tr>
<td>Parrot-Ice Drink Products, LTD</td>
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</tr>
<tr>
<td>Pepsi-Cola Bottling Group LLC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skeeter’s Grill Inc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunbelt Imports, Inc. (Espresso products)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sysco Food Services (Starbucks products)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial Report and Consideration No. 15  (ACTION ITEM 16)  Board Meeting 9-7-06

Request: Consideration of Approval of Area Job Order Contract (AJOC) Purchases for Construction Related Projects for the District for the First Half of FY 2006-07

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of construction services for construction related projects for the District from Texas Cooperative Purchasing Network (TCPN) AJOC contractor, Kellogg Brown and Root Inc., 1854 E. Beltway, South, Pasadena, TX 77503, in an amount not to exceed $500,000 for the first half of FY 2006-07.

Rationale: District policy requires purchases of $25,000 or more to be approved by the Board of Trustees. To comply with policy, quotes and bids must be obtained approximately four weeks prior to the monthly board meeting in order to prepare the agenda item for the approval process. In some cases, it is necessary to respond quickly to construction projects in order to meet specific scheduling windows that minimize the impact on student services. In addition, some projects have the potential to become an emergency situation if delayed.

To proceed efficiently with construction related purchases which meet the above criteria, it is recommended that a semi-annual construction purchasing item that provides the “best value” for renovation, minor construction, and repair and replacement (R&R) projects be approved by the Board of Trustees. This request seeks approval to use the AJOC method for individual projects up to $100,000 and authorization to make collective purchases not to exceed $500,000 for the first half of FY 2006-07. Only those projects meeting the time or emergency criteria discussed above will be eligible for this purchasing method. Projects that exceed $100,000 will be presented to the Board of Trustees individually for consideration of approval. A brief summary of projects will be included in the Building and Grounds Report on a minimum of a quarterly basis.

Texas Education Code, Section 44.041, Job Order Contracts for Facilities Construction or Repair allows the District to award job order contracts for minor construction, repair, rehabilitation or alteration of a facility if the work is of a recurring nature, but the delivery times and quantities are indefinite and quantities and orders are awarded substantially on the basis of predescribed and prepriced tasks.

Board Policy CFB and Title 7, Intergovernmental Relations, Chapter 791, subchapter 791.025 of the Government Code, states that a local government may agree with another local government or with the state or a state agency, including the Texas Cooperative Purchasing Network (TCPN), to purchase goods and services. The local government that
purchases the goods and services satisfies the requirement of the local government to seek competitive bids for the purchase of goods and services. TCPN selected KBR through an extensive competitive bid process. The fixed unit price proposal was based upon RS Means Facilities Cost Data less a 30% discount, which was reasonable and within industry standards.

**Fiscal Impact:** Funds for these purchases are included in the approved FY 2006-07 operating, repair and replacement, and surplus bond funds budgets.

**Staff Resource:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Contact Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steve Garner</td>
<td>832-813-6680</td>
</tr>
<tr>
<td>Kerri Duhon</td>
<td>832-813-6564</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval of Purchase of Additional Commodity Internet and Internet2 Services for District

Chancellor’s
Recommendation: That the Board of Trustees approve the purchase of additional Commodity Internet and Internet2 Services for the District from The University of Texas, Office of Telecommunication Services (UT-OTS) Networking, PO Drawer 7580, Austin, TX 78713-7580, in the amount of $10,140 for a revised annual cost of $39,408.

Rationale: On August 3, 2006, the Board of Trustees approved the purchase of Commodity Internet and Internet2 services and an interlocal agreement with UT-OTS for FY 2006-07 in the amount of $2,219 per month or $26,628 annually. The amount proposed to the Board was based on the previous year’s cost of services. On August 9, 2006, the District received a new interlocal agreement, effective August 1, 2006, from UT-OTS which includes an annual participation fee of $2,640 and an increase of $845 in the monthly service fee. The new monthly service fee of $3,064, or $36,768 annually, plus the annual participation fee of $2,640 is an increase of $10,140 over the amount approved by the Board at the August 2006 meeting.

Internet2 is a consortium of over 200 U.S. universities working in partnership with industry and government to develop and deploy advanced network applications and technologies. Currently the consortium operates Abilene, a high-speed backbone network, which spans the nation and peers with several dozen U.S. and non-U.S. research and education networks in North and South America, Europe, Asia, and Australia.

The District has had an on-going interlocal agreement with UT-OTS since 1993. The interlocal agreement between NHMCCD and UT-OTS is renewable for additional one-year terms upon mutual consent of both parties.

Fiscal Impact: Funds for this purchase are included in the proposed FY 2006-07 Technology Fund budget for District.

Staff Resource: Steve Head 832-813-6522
              Kerri Duhon 832-813-6564
Request: Consideration of Approval to Enter into a Three Year Agreement for “mtvU” Program Service at North Harris College

Chancellor’s Recommendation: That the Board of Trustees approve a three year agreement for “mtvU” program service at North Harris College from MTV Networks on Campus Inc. (MTVN), 1515 Broadway, New York, NY 10036.

Rationale: In 2003, the Board approved the agreement with MTVN to provide music programming and advertising to students at North Harris College for a period of three years. This agreement will expire on August 31, 2006. North Harris College is requesting to enter into a new agreement with MTVN for three years at no cost to the District. The term of this agreement will be for three years beginning September 11, 2006 through September 11, 2009 and shall automatically renew for two successive one year periods at each expiration date unless either party notifies the other in writing at least 30 days prior to the expiration date.

The original eight (8) peripheral monitors will be removed and replaced with four (4) high-tech plasma monitors with an improved satellite receiving dish in order to continue providing music programming and advertising to students at North Harris College. MTVN will retain ownership of the equipment and will be responsible for any installation and repairs. North Harris College pledges to keep the programming active during all operating hours and maintain an average attendance of at least 1,000 students per operational day to visit the site where the equipment is located on a regular basis.

The mtvU program delivers a diverse mix of music videos and series featuring emerging artists on the college scene. In addition, several times each hour, mtvU airs headline news.

Selection of MTVN as a provider of this service was based upon an invitation to include North Harris College as one of the few community colleges in the nation to participate in a service typically provided to four year institutions.

Board Policy CFA (local) requires Board approval of all contracts with a term exceeding one year.

Fiscal Impact: None.

Staff Resource: Johanna Boley 281-618-5437
            Kerri Duhon 832-813-6564
Request: Consideration of Ratification of Digital Imaging Services for District Services and Training Center (DSTC)

Chancellor’s Recommendation: That the Board of Trustees ratify the Catalog Information Systems Vendor (CISV) purchase of digital imaging services for the Student Records Department at the DSTC from the lowest bidder, Engraphix Imaging Systems Inc., 110 Cypress Station Drive, Suite 151, Houston, TX 77090, in the amount of $58,240.

Rationale: The microfiche media in Student Records was rapidly becoming unreadable due to fading and mildewing. The microfiche were converted to digital images, indexed and uploaded into the District’s OnBase electronic data management system.

It was essential to start this project prior to the September Board meeting in order to preserve the permanent student records before further deterioration of this media occurred.

Quotes were received from four (4) digital imaging companies. See attached Bid Tabulation.

The State of Texas Government Code Chapter 2157, Subchapter B and Board of Trustees Policy CF (Local) allows the District to purchase computer and computer-related equipment without competitive bidding from vendors which have been approved as Catalog Information System Vendors (CISV's) by the State of Texas General Services Commission.

Fiscal Impact: Funds for this purchase are available from the approved FY 2005-06 operating budget for District.

Staff Resource: Steve Head 832-813-6522
Kerri Duhon 832-813-6564
### BID TABULATION

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Hourly Rate</th>
<th>Total Cost</th>
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<tbody>
<tr>
<td>Engraphix</td>
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<tr>
<td>Data Image</td>
<td>$33</td>
<td>$67,700</td>
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<tr>
<td>Osam, Inc.</td>
<td>$35</td>
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<tr>
<td>Ronsin</td>
<td>$45</td>
<td>$93,600</td>
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</tbody>
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Request: Consideration of Approval of Purchase of Additional Microsoft Software Licenses for the District

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of additional Microsoft software licenses for the District from SHI Government Solutions, 1250 Capital Texas Highway, Building 1 Suite 250, Austin, TX 78746 in the amount of $12,000, bringing the total cost of the contract to $146,400.

Rationale: On August 3, 2006, the Board of Trustees approved the purchase of Microsoft software licenses for the District which included the signing of the Microsoft Campus 3.4 Agreement.

This request is to add a product from Sybari Software Inc., Antigen, to this purchase. Prior to the acquisition of Sybari Software by Microsoft, this product renewal only required the administrative approval to renew the licensing since the total cost was less than $25,000 and the term was for one year. The Antigen software protects the District’s incoming and outgoing emails from viruses.

The Campus 3.4 Agreement is Microsoft’s program for annual and volume licensing for higher education customers. The licenses are issued for a period of 12 months and include all upgrades.

Purchasing the Antigen product through the District’s Microsoft Campus 3.4 Agreement will provide the District with substantial savings. The price through the Campus Agreement for the Antigen software is $4 per full-time employee equivalent. If the District purchased these licenses through the Department of Information Resources cooperative, the cost would be $8.50 per license.

Fiscal Impact: Funds for this purchase have been included in the proposed FY 2006-07 Technology Fund budget.

Staff Resource: Steve Head 832-813-6522
Kerri Duhon 832-813-6564
Request: Consideration of Authorization for Chancellor to Negotiate Contract to Sell Land Located West of Sorters Road and North of Kingwood College

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or his designee to negotiate and execute a contract to sell 8.7465 acres located west of Sorters Road and north of Kingwood College for the fair market value to the City of Houston for a utility easement.

Rationale: The City of Houston is in the process of securing property adjacent to the MUD #48 wastewater treatment plant for the purpose of expanding the plant’s capacity and creating a buffer zone between the plant and all residential property. This 8.7465 acre tract abuts the current MUD #48 wastewater treatment plant.

This construction project will expand the wastewater treatment plant from 400,000 gallons per day capacity to 2 million gallons per day. To meet the Texas Commission Environmental Quality requirements, a 150 foot buffer zone is required between the City’s property and all residential property around the treatment plant.

Due to the location of this property on the Kingwood College site plan, it would not be practical to develop the area for student use. Part of this property is within the 100 year floodplain. It is adjacent to the wastewater plant and it is located on the north side of the Evans Gully drainage easement which isolates this area from current recreational areas and parking lots.

Fiscal Impact: Proceeds from the sale will be placed in the Bond Construction Fund for future projects.

Staff Resource: Steve Garner 832-813-6680
John O’Malley 281-312-1631
Cindy Gilliam 832-813-6512
Request: Consideration of Approval to Purchase Professional Services for Construction Projects at North Harris and Tomball Colleges

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of professional services for construction projects at North Harris and Tomball Colleges from Carter & Burgess, Inc. (CB), 55 Waugh Drive, Houston, Texas 77007 in an amount not to exceed $100,000.

Rationale: The projects at North Harris College will include central plant and campus electrical analyses and the replacement of a lighting control panel. At Tomball College, CB will develop specifications for the replacement of the back-up generator located in the central plant. This “not to exceed” approval request includes not only investigative research and design services, but also reimbursable expenses and site visits during construction.

TEC Chapter 2254.003 states that competitive bids shall not be solicited for professional services including engineering services as those provided by CB. Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services for a fair and reasonable price.

The services provided by CB will include technical support in structural, mechanical, electrical, plumbing and civil engineering. They have provided consulting services for design and analysis on several projects in recent years for various projects at Montgomery, Kingwood, Tomball, and North Harris Colleges. CB was selected to provide the required services based upon the overall quality of the firm’s work, commitment and involvement of the firm’s principles to our projects, their attention to detail, response time, and professionalism.

Fiscal Impact: Funds for this purchase are included in the approved FY 2006-07 repair and replacement budgets and bond funds for North Harris and Tomball Colleges.

Staff Resource: Steve Garner 832-813-6680
Johanna Boley 281-618-5437
John Fishero 281-357-3747
Kerri Duhon 832-813-6564
Request: Consideration of Approval to Purchase Professional Services for Multiple Construction Projects for North Harris and Montgomery Colleges

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of professional services for multiple construction projects at North Harris and Montgomery Colleges from Redding Linden Burr (RLB), 801 Travis, Suite 2000, Houston, Texas 77002 in an amount not to exceed $58,000.

Rationale: The projects at North Harris College will include cooling tower analysis, replacement of air handler units, replacement of rooftop HVAC units, and transformer inspections and electrical load studies. At Montgomery College, projects will consist of the design of a refrigerant detection and alarm system for the chiller plant.

The professional services will include investigative research, design services, reimbursable expenses and site visits during construction. In June 2005, the Board approved a list of professional service providers for the District including the engineering firm of RLB.

TEC Chapter 2254.003 states that competitive bids shall not be solicited for professional services including engineering services as those provided by RLB. Contracts for these professional services shall be made on the basis of demonstrated competence and qualifications to perform the services for a fair and reasonable price.

RLB is a Houston mechanical, electrical and plumbing (MEP) consulting engineer firm which has provided MEP design and analysis on several projects in recent years for various projects at Montgomery, Kingwood, Tomball, and North Harris Colleges. RLB was selected to provide the required services based on the high quality of the firm’s work, commitment and involvement of the firm’s principles to the District’s projects, attention to detail, response time, and professionalism.

Fiscal Impact: Funds for this purchase are included in the approved FY 2006-07 repair and replacement budgets for North Harris and Montgomery Colleges.

Staff Resource: Steve Garner 832-813-6680
Johanna Boley 281-618-5443
Jim Taylor 936-273-7225
Kerri Duhon 832-813-6564
Request: Consideration of Adoption of the Resolution and Ordinance Fixing and Levying Ad Valorem Taxes for the Year 2006 and Directing the Assessment and Collection Thereof

Chancellor’s Recommendation: That the Board of Trustees set the tax rate for the 2006 Maintenance and Operations (M&O) component of the ad valorem tax rate at $0.082/$100 valuation and the Interest and Sinking (I&S) component for the 2006 tax rate at $0.0347/$100 valuation. (M&O = $0.082; I&S = $0.0347).

Rationale: The chief tax appraisers from Harris and Montgomery Counties have submitted certified tax rolls. An effective tax rate of $0.1225 and a rollback tax rate of $0.1296 have been calculated and have been submitted for publication. The proposed tax rate of $0.1167 represents a 3.3% decrease from the adopted 2005 rate. This rate will generate sufficient tax revenues to support the operations of the District as well as to pay debt obligations for the 2006-07 fiscal year.

Fiscal Impact: A tax rate of $0.1167 per $100 of taxable valuation will result in an estimated $103.8 million, which will support approximately 43% of the District’s Operating Budget and approximately 91% of the District’s Debt Service Requirements for fiscal year 2005-06. The remainder of the debt service requirements are funded from investment earnings and pledged operating revenues.

Staff Resource: John Pickelman 832-813-6515
Cindy Gilliam 832-813-6512
RESOLUTION AND ORDINANCE

A RESOLUTION AND ORDINANCE FIXING AND LEVYING
COLLEGE DISTRICT AD VALOREM TAXES FOR THE
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
FOR THE YEAR 2006 AND DIRECTING THE ASSESSMENT AND COLLECTION
THEREOF:

WHEREAS, the Board of Trustees of the North Harris Montgomery Community College District find that it is necessary to levy a tax for the tax year 2006 for all lawful expenses of the District. In carrying out the duties and responsibilities placed upon said District by law, a tax must be levied to provide the revenue requirements of the budget for the ensuing year; and

WHEREAS, the Board of Trustees of said District further find that all things prerequisite to the passing of this resolution and ordinance including all notices of hearings, consideration of budget, and all other things have been done and performed; and

WHEREAS, the Board of Trustees of said District further find the taxes for the year 2006 hereinafter levied therefore are necessary to pay all lawful expenses of the District and carry out the duties and obligations placed upon said District by law and to provide the required sinking fund on outstanding bonds proposed to be issued for such purposes during the ensuing years;

NOW, THEREFORE, BE IT RESOLVED AND ORDAINED BY THE BOARD OF TRUSTEES OF THE NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT THAT:

The tax rate for 2006 tax year be established at a rate of $0.1167 per hundred dollars valuation at 100% market value: That out of the above-established tax rate $0.082 cents be used for maintenance and operation; and $0.0347 cents be used for debt service.

ADOPTED, PASSED AND APPROVED this 7th day of September 2006.

________________________________
David S. McIver, Chair
NHMCCD Board of Trustees

________________________________
Maria Flotte O'Neill, Secretary
NHMCCD Board of Trustees
Request: Consideration of Approval to Extend Lawn Services Agreement for One Year for Tomball College and District Services and Training Center

Chancellor’s Recommendation: That the Board of Trustees approve the extension of the lawn services agreement for one year for Tomball College and DSTC with H&H Design LLC, dba Hou-Scape, 29303 Post Oak Run, Magnolia, TX 77355 in the amount of $134,390.

Rationale: On September 1, 2005, the Board of Trustees approved the purchase of the lawns services for Tomball College and DSTC from H&H Design. The initial term of the agreement was for a period of one year beginning September 2005 through August 2006, with an option to renew for two (2) additional one (1) year periods upon mutual consent of each party. This full service maintenance agreement includes forty-three trips annually that consist of mowing and edging of turf around buildings, removal of weeds and litter, trimming jasmine and shrubs, fertilization, irrigation inspections, and maintaining flowerbeds at each campus.

Based upon satisfactory vendor performance, the District is requesting the Boards approval to extend the agreement for one (1) additional year, the first of the two (2) available one year renewals. This one year term will begin September 2006 through August 2007.

Fiscal Impact: Funds for this purchase are included in the proposed FY 2006-07 operating budgets for Tomball College and DSTC.

Staff Resource: Steve Garner 832-813-6680
John Fishero 281-357-3747
Kerri Duhon 832-813-6564
Request: Consideration of Approval of Agreement with University of Texas Health Science Center for Employee Assistance Program for District

Chancellor's Recommendation: That the Board of Trustees approve an agreement with the University of Texas Health Science Center (UT-HSC) for an Employee Assistance Program for the District in the amount of $44,640.

Rationale: The program provides personal counseling in a variety of areas, including family and parenting, alcohol and drug abuse, bereavement and marriage, financial planning (including retirement planning and tax issues) and legal services (including simple wills, identity theft protection and consumer rights). Depending upon the service requested, each employee of the District is entitled to receive up to five free sessions with licensed professionals in the program. Additional sessions or services are available at cost to the employee.

The program has been used by employees of the District since its inception and is a valuable resource for those employees who need assistance with personal issues.

The term of this agreement will be for a period of one year effective September 1, 2006 through August 31, 2007.

Since the year 2000, the District has had an agreement with the UT-HSC to provide the Employee Assistance Program to NHMCCD employees. Competitive bids were obtained in 1999 and UT-HSC was selected as the service provider by the District Benefits Committee. For FY 2007-08, the District will solicit competitive bids and establish a multi-year agreement with the selected respondent.

Fiscal Impact: Funds for this purchase are available in the approved FY 2006-07 operating budget for the District.

Staff Resources: Steve Head 832-813-6522
Jean Grove 832-813-6698
Kerri Duhon 832-813-6564
Request: Consideration of Approval of the NHMCCD Elective 457(b) Plan for the District

Chancellor’s Recommendation: That the Board of Trustees approve the adoption of the NHMCCD Elective 457 (b) plan for District employees.

Rationale: With the addition of the NHMCCD Elective 457 (b) plan, employees of the district will be able to take advantage of additional tax deferred opportunities and limits. Approved companies will provide investment options under Internal Revenue Code 457(b) plan agreements with employees specifically on an annuity platform, providing an option to the mutual fund platform currently offered to employees through the Employee Retirement System of Texas TexaSaver Plan. The initial term of the approval to market will be for a period of three years based on the District’s discretion and by mutual consent with the option to renew for two additional years.

The plan document and agreements have been reviewed and approved by the District’s legal counsel.

The 457(b) plan is voluntary and is supported by employee pretax elective contributions. All employees are eligible to participate. Employees contract directly with the company for investment services. A Request for Qualifications was sent to twenty-six (26) financial institutions and nine (9) responses were received. A committee of 6 district employees reviewed the applications for the following criteria; extensive experience in offering 457(b) products to community colleges in Texas, administrative services and processes, additional value added services, references and statutory compliance. An initial list of three companies (AIG/VALIC, ING/AETNA, and TIAA-CREF) were selected. The District may return at a later date and request approval for additions to the list of approved vendors using the same or similar method of review. See the attached summary of the 457(b) plan provisions and initial approved vendors.

Fiscal Impact: None

Staff Resource: Steve Head 832-813-6522
Jean Grove 832-813-6698
Bo Stults 832-813-6780
Cristina Patetta 832-813-6566
District Elective 457 (b) Plan

List of Approved Vendors

AIG/VALIC
Chase Insurance
Conseco-Washington National
Fidelity Security Life Insurance
The Hartford
ING Life Insurance
Lincoln Financial Group
MetLife
TIAA-CREF
### Description of NHMCCD Elective 457(b) Retirement Savings Plans

<table>
<thead>
<tr>
<th><strong>NHMCCD 457(b) Plan</strong></th>
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<tbody>
<tr>
<td><strong>Eligibility</strong></td>
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<tr>
<td><strong>Maximum Annual Deferral for 2006</strong></td>
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<tr>
<td><strong>Saver Tax Credit</strong></td>
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<tr>
<td><strong>Age 50 and Over Catch-Up Provisions</strong></td>
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<tr>
<td><strong>3 Year Catch-Up Provisions</strong></td>
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<tr>
<td><strong>Loans</strong></td>
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<td><strong>Financial Hardships/Emergency Withdrawals</strong></td>
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<tr>
<td><strong>Transfer of Funds to Purchase Service</strong></td>
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<tr>
<td><strong>Rollovers In</strong></td>
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<tr>
<td><strong>Distributions While Employed</strong></td>
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<tr>
<td><strong>Distributions After Separation From Employment</strong></td>
</tr>
<tr>
<td><strong>Required Minimum Distributions (RMD) Must Begin:</strong></td>
</tr>
<tr>
<td><strong>Tax Penalties</strong></td>
</tr>
</tbody>
</table>

* Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2006

** Refer to IRS website for 403(b) and 457 information on hardship withdrawals.

Table adopted in part from ERS TexaSaver comparison of 403(b) and TexaSaver 457(b) plan.
Report: Construction Projects Update

The District’s plant operations and facilities department has provided a summary report of the District’s construction projects. See attached report.
Master Planning and Facilities Condition Assessments
The final documents including the comprehensive and extensive final master planning report documentation, the student enrollment projections, space utilization study, facility condition assessments and site development drawings, and cost estimates for the proposed projectss will be delivered prior to the September board meeting.

Bond Funded Projects
Projects funded from remaining bond funds include repairs to the entry columns at Tomball; road entrance gates, way-finding signage, and water system improvements at Cy-Fair College; and installation of entrance security gates, entry canopy repairs and walkway tile repairs at the District Services and Training Center.

55 Acre Land Tract at Montgomery College
The Board of Trustees approved (March 02, 2006) authorization for the Chancellor to negotiate a contract for the purchase of property located north of Montgomery College. The District has now concluded their due diligence pertaining to the property. The Board of Trustees approved the purchase of the property during the meeting held on August 03, 2006. The final purchase price agreed to was $1,600,000. The signed and executed purchase and sale agreement has been delivered to the title company in preparation for contract closing.

The District further commissioned a Phase I Environmental Site assessment of the subject property. The report included visual inspection, historical land use review, records and regulatory review. The completed assessment report has revealed no evidence of recognized environmental conditions within the subject property. Additionally, The Woodlands Development Corporation (TWDC) has been contacted and informed that the existing property represents viable future expansion for the District. The District has requested that TWDC grant us a road easement to gain direct access to the new property from the campus. Several options regarding access within their property are being considered. An outline of requirements is being requested from The Woodlands Development Corporation so that the District may proceed accordingly.

The anticipated future use of the tract is for the relocation of athletic fields, storage buildings, and possibly a college facility on the developable portion of the tract. Access to the new site would be accomplished by extending a private drive from the north line of the existing college property to the tract. The relocation of the athletic fields would provide land on the main campus for additional instructional facilities, improved access to the college, and land for additional parking.

Cy-Fair College Student Center Renovation
Increased participation in student organizations at Cy-Fair College has resulted in the need for shared office, storage and meeting spaces. To accommodate this need, a section of the Student
Center will be renovated. The project will include infilling the unused patio area adjacent to the former game room.

The design has been completed and construction of the project is currently underway. The demolition of the impacted area of the existing building has started and the structural foundations and floor slab have been completed. The structural steel, roofing, masonry are scheduled to be completed along with significant progress on mechanical systems and interior finishes before the end of August. The project is expected to be complete in September 2006, delayed from the planned completion in August due to the availability of mechanical equipment and carpeting.

**Cy-Fair College – Modular Buildings**
The Board of Trustees approved a two year lease of temporary modular buildings for Cy-Fair College during the meeting of June 01, 2006. The term of the agreement is for two years beginning September 2006 and ending August 2008. The district maintains the option to renew the lease for an additional year.

The modular buildings are required at Cy-Fair College to accommodate student growth and additional faculty. The modular buildings arrived on site the week of August 14, 2006. Delivery and installation is anticipated to be complete by September 05, 2006.
Request: Consideration of Ratification of Appointments

Chancellor’s Recommendation: That the contractual appointments listed on the following pages be ratified for the positions indicated.

Rationale: These contractual appointments include ratification of Administrators and Faculty from the District Services & Training Center, North Harris College, Kingwood College, Tomball College, Montgomery College and Cy-Fair College.

Fiscal Impact: Positions and salaries have been budgeted for 2006-2007.

Staff Resource: Steve Head 832-813-6522
Jean Grove 832-813-6698
a. District Services and Training Center

Stephen A. Lestarjette, Associate Vice Chancellor, External Affairs

Effective: Twelve-month contracted employee at an annual salary of $93,000 beginning July 31, 2006.

Education: B.F.A., Southern Methodist University, Major: Journalism.

Experience: Director, College of the Mainland; President, Venture Publications and Marketing, Inc.; Associate Vice Chancellor, San Jacinto College District.

b. North Harris College

Lorraine E. Schoenbeck, Assistant Professor, Medical Assisting

Effective: Twelve-month contracted employee at an annual salary of $51,338 beginning August 21, 2006.

Education: M.S., Capella University, Major: Human Services; B.S., University of Detroit Mercy, Major: Health Services Administration.

Experience: Program Director, South University; Medical Assistant, Columbia Medical Associates and Henry Ford Health System; Practice Manager, Macomb Pediatrics Associates.

Jennifer L. Welsh, Assistant Professor, Philosophy

Effective: Ten and one-half month contracted employee at an annual salary of $49,993 beginning August 21, 2006.

Education: Ph.D. & M.A., State University of New York, Binghamton University, Majors: Philosophy; B.S., University of Wisconsin, Major: Philosophy.

Experience: Adjunct Faculty, North Harris College, NHMCCD and Houston Community College; Instructor of Record and Teaching Assistant, State University of New York, Binghamton University.

c. Kingwood College

Noel Bezette, Assistant Professor, Education and Psychology

Effective: Ten and one-half month contracted employee at an annual salary of $47,828 beginning August 21, 2006.
Education: M.Ed. & B.S., University of Houston, Majors: Educational Administration and Interdisciplinary Studies.

Experience: Adjunct Faculty, Kingwood College, NHMCCD; Lecturer, Course Coordinator, Teaching Fellow, Graduate Assistant, University of Houston.

Yolanda M. Camarata, Assistant Professor, Kinesiology

Effective: Ten and one-half month contracted employee at an annual salary of $47,692 beginning August 21, 2006.

Education: M.S., University of Texas Pan American, Major: Kinesiology; B.S., University of Texas Medical Branch, Major: Occupational Therapy.

Experience: Adjunct Faculty and Instructor, Kingwood College, NHMCCD; Occupational Therapist, Humble I.S.D., Harris County Department of Education/Spring I.S.D. and The Institute for Rehabilitation and Research; Clinical Intern, The Institute for Rehabilitation and Research and Ben Taub Hospital.

Alan F. Wright, Assistant Professor, Kinesiology

Effective: Ten and one-half month contracted employee at an annual salary of $46,160 beginning August 21, 2006.

Education: M.S., Middle Tennessee State University, Major: Health Physical Education and Recreation; B.S., Sam Houston State University, Major: Psychology.

Experience: Adjunct Faculty, Kingwood College, NHMCCD; Aquatic Director, Texas A&M University; Assistant Director, University of Houston; Aquatics Coordinator, University of Mississippi.

Cory G. Cryer, Assistant Professor, Art

Effective: Ten and one-half month contracted employee at an annual salary of $49,225 beginning August 21, 2006.

Education: M.F.A., Texas Woman’s University, Major: Ceramics; B.A., Sam Houston State University, Major: Teaching Art.

Experience: Instructor, Houston Community College, Sam Houston State University, Austin Museum of Art, Marnie Paul Arts Center and Clayways Pottery Studio and Gallery; Graduate Assistant, Texas Woman’s University.

Garret Merriam, Assistant Professor, Philosophy

Effective: Ten and one-half month contracted employee at an annual salary of $48,786 beginning August 28, 2006.
**Education:** M.A., Rice University, Major: Philosophy; B.A., University of California, Major: Philosophy and English.

**Experience:** Adjunct Faculty, Kingwood College, NHMCCD, Houston Community College and Rice University.

**Staci E. Tabor, Assistant Professor, Business**

**Effective:** Ten and one-half month contracted employee at an annual salary of $44,369 beginning August 21, 2006.

**Education:** M.B.A. & B.S., University of Houston-Clear Lake, Majors: Business Administration and Human Services.

**Experience:** Adjunct Faculty, North Harris College, NHMCCD; Senior Consultant/Auditor, Farouk Systems; Operations Accountant, Securities Management and Research.

**Amber L. Williams, Assistant Professor, Spanish**

**Effective:** Ten and one-half month contracted employee at an annual salary of $44,369 beginning August 21, 2006.

**Education:** M.A., University of Houston, Major: Spanish; B.A., Texas State University, Major: Spanish.

**Experience:** Adjunct Faculty and Instructor, North Harris College and Kingwood College, NHMCCD; Teaching Fellow and Lecturer, University of Houston; Counselor, Texas State University; Instructor, Memorial Lutheran School.

d. **Tomball College**

**Steve J. Anaya, Assistant Professor, Biology**

**Effective:** Ten and one-half month contracted employee at an annual salary of $50,994 beginning August 21, 2006.

**Education:** Ph.D. & B.S., University of Houston, Majors: Cell and Molecular Biology and Biology.

**Experience:** Adjunct Faculty and Program Coordinator, North Harris College, NHMCCD; Teaching Assistant and Research Assistant, University of Houston.

**Kimberly A. Carter, Assistant Professor, English**

Education: M.A. & B.A., University of Louisiana; Majors: English.

Experience: Adjunct Faculty, Tomball College, NHMCCD and Louisiana State University; Graduate Assistant, University of Southwestern Louisiana.

Virginia M. Jordan, Associate Professor, Political Science

Effective: Ten and one-half month contracted employee at an annual salary of $53,053 beginning August 21, 2006.

Education: Ph.D. & M.A., University of New Orleans, Majors: Political Science.

Experience: Assistant Professor, James Madison University; Adjunct Professor, Marymount Manhattan College, Brooklyn College and Iona College; Graduate Instructor, University of New Orleans.

Eric R. Wildman, Dean, Behavioral Sciences, Humanities and Social Sciences

Effective: Twelve-month contracted employee at an annual salary of $88,115 beginning August 1, 2006.

Education: Ph.D., University of Texas, Major: Educational Administration; M.A. & B.S., Central Michigan University, Majors: Mathematics.

Experience: Dean, Director and Professor, Tomball College, NHMCCD; Faculty, Northwestern Michigan College.

e. Montgomery College

Tania U. Celia, Assistant Professor, Associate Degree Nursing


Education: M.S.N., Widener University, Major: Family Nurse Practitioner; B.S.N., Rutgers University, Major: Nursing.

Experience: Nurse Practitioner, Memorial NW Emergency Physicians, Tidal Emergency Physicians Group and Woodbury Surgical Associates; Per Diem Nurse, Intellstaf and Shore Care/Meridian health System; Registered Nurse, Hospital of University of Pennsylvania.

Paullett R. Golden, Assistant Professor, English
Effective: Ten and one-half month contracted employee at an annual salary of $50,994 beginning August 21, 2006.

Education: Ph.D., Texas A&M-Commerce, Major: Composition and Rhetoric; M.A. & B.A., Sam Houston State University, Majors: English.

Experience: Adjunct Faculty, Montgomery College, NHMCCD and University of Houston-Downtown; Instructor and Assistant Director, Texas A&M-Commerce and Sam Houston State University.

Julie Y. Love, Assistant Professor, Economics

Effective: Ten and one-half month contracted employee at an annual salary of $50,994 beginning August 21, 2006.


Experience: Adjunct Faculty and Academic Advisor, Kingwood College and North Harris College, NHMCCD and American InterContinental University; Graduate Assistant, University of Houston.

Christina R. Vourvoulias, Assistant Professor, Speech

Effective: Ten and one-half month contracted employee at an annual salary of $42,644 beginning August 21, 2006.

Education: M.A., Ball State University, Major: Communication Studies; B.A., University of Wisconsin, Major: Communications.

Experience: Instructor and Adjunct Faculty, Tomball College, NHMCCD; Assistant Director and Instructor, Ball State University.

f. Cy-Fair College

Melanie R. Atkinson, Reference Librarian, Assistant Professor

Effective: Twelve-month contracted employee at an annual salary of $51,293 beginning August 16, 2006.

Education: M.L.I.S. & B.S., Syracuse University, Majors: Library and Information Science and Information Management Technology.

Experience: Assistant Branch Librarian and Young Adult Librarian, Harris County Public Library; Young Services Librarian, Steele Memorial Library; Television Archive Processor, E.S. Bird Library, Syracuse University.
Sharon L. Bippus, Assistant Professor, English as a Second Language


Education: M.A.T., University of Southern Mississippi, Major: Teaching of Language; B.A., University of Houston; Major: German.


Heidi J. Blair-Esteves, Assistant Professor, Political Science

Effective: Ten and one-half month contracted employee at an annual salary of $45,840 beginning August 21, 2006.

Education: M.L.A., Harvard University, Major: Government; M.S., University of Massachusetts, Major: Politics and Public Policy; B.S., University of Nebraska, Major: Comprehensive Criminal Justice.

Experience: Instructor, Wayne State College; Social Worker, The Crittenton Center; Research Assistant, Center for Policy Research in Family Violence; Research Fellow, John W. McCormack institute of Public Affairs.

James Brown, Associate Professor, Political Science

Effective: Ten and one-half month contracted employee at an annual salary of $53,053 beginning August 21, 2006.

Education: Ph.D. & M.A., State University of New York, Majors: Political Science; M.A. & B.A., Texas Christian University, Majors: Government and International Relations.

Experience: Adjunct Professor, Brookhaven Community College; Director and Professor, Southern Methodist University.

Dean C. Campa, Assistant Professor, Emergency Medical Services

Effective: Twelve-month contracted employee at an annual salary of $50, 025 beginning August 21, 2006.

Education: A.A.S., Cy-Fair College, NHMCCD, Major: Emergency Medical Services; Certified Paramedic, Montgomery College, NHMCCD.

Experience: Paramedic, Montgomery County Hospital District and Memorial Hermann LifeFlight.
Glenn I. Dennis, Assistant Professor, Associate Degree Nursing

Effective: Ten and one-half month contracted employee at an annual salary of $44,369 beginning August 21, 2006.

Education: M.S.N. & B.S.N., University of Texas-Health Science Center, Major: Nursing.

Experience: Clinical Coordinator, GMP Wireless Medicine; Registered Nurse, Cypress Fairbanks Medical Center, Christus St. Catherine’s Hospital and Harris County Hospital District; Nurse, Bayshore Medical Center; Nurse Technician, Park Plaza Medical Center.

Cliff E. Jones, Dean, Art and Technology

Effective: Twelve-month contracted employee at an annual salary of $78,500 beginning August 16, 2006.

Education: Ph.D., University of Texas, Major: Educational Administration; M.P.A. & B.S.B.A., University of Arkansas, Majors: Public Administration and Management.

Experience: Interim Dean and Assistant Professor, Cy-Fair College, NHMCCD; Executive Assistant to the Chancellor and Adjunct Faculty, Baton Rouge Community College.

Jon D. Miller, Assistant Professor, Developmental Studies

Effective: Ten and one-half month contracted employee at an annual salary of $46,160 beginning August 21, 2006.

Education: M.A., University of Texas, Major: Mathematics; B.S., University of Wyoming, Major: Mathematics.

Experience: Adjunct Faculty, Cy-Fair College, NHMCCD; Teacher, Cypress Fairbanks I.S.D. and Austin I.S.D.; Teaching Assistant, University of Texas and University of Wyoming.

Ulanda E. Simpson, Assistant Professor, Associate Degree Nursing

Effective: Twelve-month contracted employee at an annual salary of $51,338 beginning August 21, 2006.

Education: M.S.N., University of Texas, Major: Nursing; B.S.N., Prairie View A&M University; Major: Nursing.

Experience: Instructor, University of Texas-Health Science Center; Staff Nurse, Menninger Clinic; Nursing Supervisor, Kelsey Seybold Clinic; Nurse Consultant, U.
Simpson & Associates; Assistant Administrator, Olsten Health Services; CEO/President, Home Health Resources, Inc.

**Ann E. Van Heerden, Associate Professor, Chemistry**

**Effective:** Nine-month contracted employee at an annual salary of $45,475 beginning August 21, 2006.

**Education:** Ph.D., University of Texas, Major: Chemistry/Biochemistry; B.A., College of St. Catherine; Major: Chemistry and Biology.

**Experience:** Associate Professor, Alverno College; Teaching Assistant, University of Texas, Peace Corps Volunteer, Peace Corps; Laboratory Technician, 3M Corporation.
Request: Consideration of Resignations

Chancellor’s Recommendation: That the resignations listed below be accepted and acknowledged.

**Tomball College**

**Cathy Switzer, Professor, Biology**
Effective August 11, 2006

**Mary J. Yoho, Director, Nursing Program**
Effective August 31, 2006

**Montgomery College**

**Kim Chometsky, Professor, Kinesiology**
Effective August 18, 2006

**Cy-Fair- College**

**Linda Johnson, Counselor, Associate Professor**
Effective July 15, 2006

**Staff Resource:**
Steve Head 832-813-6522

Jean Grove 832-813-6698
Request: Consideration of Approval of Commissioning of Peace Officers

Chancellor’s Recommendation: That the Board of Trustees approves the commissioning of the following peace officers for the North Harris Montgomery Community College District.

North Harris College
Kristina Mari Gabriel
James Charles Gibson
Carey L. West

Rationale: These officers are eligible to be commissioned by this Board because they:
1. Have current licenses from the Texas Commission on Law Enforcement Officer Standards and Education;
2. Have taken and filed the oath required of peace officers;
3. Have executed good and sufficient bonds in the sum of $1,000 in accordance with the law; and
4. Possess a sufficient number of college credit hours to meet the minimum standard for an NHMCCD peace officer.

Fiscal Impact: None

Staff Resource: Steve Head 832-813-6522