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. Workshop

VI. Closed Session

The Board of Trustees, in accordance with Sections 551.001, et seq., of the Texas Government Code will move into Closed Session under one or more of 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 551.087 - Economic Development Negotiations

VII. Reconvene Regular Meeting

VIII. Approval of the Minutes of the February 2, 2012 Workshop and Regular Meeting

IX. Citizens Desiring to Address the Board

X. Special Reports and Announcements
   1. Chancellor
   2. College Presidents
3. Vice Chancellors

4. Faculty Senate Presidents

XI. 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.)

XII. Financial Reports and Considerations

1. Monthly Financial Statements

2. Eighth Supplemental Resolution Authorizing the Issuance of Lone Star College System Revenue Financing System Refunding Bonds, Series 2012; Providing for the Security and Payment Thereof; Setting Certain Parameters for the Bonds; Authorizing the Chancellor and/or Vice Chancellor for Administration and Finance/CFO to Approve the Amount, the Interest Rate, Price and Certain Other Terms Thereof; Authorizing the Redemption Prior to Maturity of Certain Outstanding Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement, and a Paying Agent/Registrar Agreement Relating to Such Bonds; Approving the Preparation and Distribution of an Official Statement; and Enacting Other Provisions Relating Thereto (ACTION ITEM 1)

3. An Order Authorizing the Issuance of Lone Star College System Limited Tax General Obligation Refunding Bonds, Series 2012; Levying a Tax and Providing For the Security and Payment Thereof; Setting Certain Parameters for the Bonds; Authorizing the Chancellor and/or Vice Chancellor for Administration and Finance/CFO to Approve the Amount, the Interest Rate, Price and Certain Other Terms Thereof; Authorizing the Redemption Prior to Maturity of Certain Outstanding Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement, and a Paying Agent/Registrar Agreement Relating to Such Bonds; Approving the Preparation and Distribution of an Official Statement; and Enacting Other Provisions Relating Thereto (ACTION ITEM 2)

4. Consideration of Approval to Purchase Additional Janitorial Services for LSC-Atascocita Center (ACTION ITEM 3)

5. Consideration of Approval to Purchase Additional Services for the Commerce Management System (ACTION ITEM 4)

6. Consideration of Approval to Purchase Construction Services to Replace the Roof of the LSC–North Harris Health Professions Building (ACTION ITEM 5)
7. Consideration of Approval to Authorize the Chancellor or his Designee to Negotiate and Execute an Agreement to Purchase Construction Services for Renovation of Classrooms and Photographic Laboratory at LSC-Tomball (ACTION ITEM 6)

8. Consideration of Approval to Purchase Welding Supplies and Gases for the System (ACTION ITEM 7)

9. Consideration of Approval to Renew Licenses and Purchase Additional Licenses for Learning Essential Series Aztec Software for the System (ACTION ITEM 8)

10. Consideration of Approval to Purchase Instrumentation and Process Control Training System for LSC-University Park (ACTION ITEM 9)

11. Consideration of Approval to Negotiate and Execute an Amendment for the Emergency Purchase of Additional Financial Consulting Services (ACTION ITEM 10)

XIII. Building and Grounds Reports and Considerations

Construction Projects Update

XIV. Personnel Reports and Considerations

1. Consideration of Ratification of Appointments (ACTION ITEM 11)

2. Consideration of Acceptance of Resignations (ACTION ITEM 12)

3. Board of Trustees’ Annual Performance Review of Chancellor and any Proposed Addenda to the Chancellor’s Contract (ACTION ITEM 13)

4. Consideration of Approval of Commissioning of Peace Officers (ACTION ITEM 14)

XV. Suggested Future Agenda Items

XVI. 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 551.087 - Economic Development Negotiations
I, Richard Carpenter, Chancellor of the Lone Star College System, do hereby certify that a notice of this meeting was posted on Monday the 27th day of February, 2012 in a place convenient to the public in the Administration Office of the Central Services and Training Center, on all college campuses and on the system website, as required by Section 551.002 et seq., Texas Government Code. Special notice of the meeting was provided to the news media as required by Section 551.001 et seq., Texas Government Code.

Given under my hand this the 27th day of February, 2012.

[Signature]
Chancellor
MINUTES OF THE
WORKSHOP AND REGULAR MEETING OF THE BOARD OF TRUSTEES
LONE STAR COLLEGE SYSTEM
CENTRAL SERVICES AND TRAINING CENTER
TRAINING AND DEVELOPMENT CENTER BOARD ROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
February 2, 2012
5:00 p.m.

PRESENT:  Mr. Randy Bates, Chair
Dr. David Holsey, Vice Chair
Ms. Priscilla Kelly, Secretary
Mr. David Vogt, Assistant Secretary
Mr. Robert Adam
Mr. Tom Forestier
Ms. Linda Good
Ms. Stephanie Marquard
Mr. Robert Wolfe

I. CALL TO ORDER:  Mr. Bates called the workshop and regular meeting of the Board of
Trustees to order at 5:04 p.m. after determining a quorum was present.

II. PLEDGE OF ALLEGIANCE:  Ms. Kelly led the Board and guests in reciting the
Pledge of Allegiance.
Dr. Holsey entered the meeting at 5:07 p.m.

III. CERTIFICATION OF THE POSTING OF THE NOTICE OF THE MEETING:
Chancellor Carpenter confirmed that the Notice for the meeting had been properly
posted.  No action was required.  A copy is attached as Exhibit “A.”
Mr. Vogt entered the meeting at 5:14 p.m.

IV. INTRODUCTIONS, SPECIAL GUESTS, RECOGNITIONS:  Chancellor Carpenter
welcomed Lindsay Peyton of the Houston Chronicle. The Chancellor welcomed Link
Alander, interim Chief Information Officer and Julie Cobb, administrative assistant in the
chancellor’s office, who will be working with the Board. Dr. Donetta Goodall, vice
chancellor of academic affairs and student success, introduced LSCS sabbatical recipients
for 2012-2013. From LSC-CyFair, Elise Sheppard, professor and reference librarian and
from LSC-North Harris, Shelley Pinrod, professor of Biology, were not present as they
are teaching this evening. From LSC-Kingwood: Cindy Baker, professor of English and
Masoud Shafiei-Sararodi, professor ESOL. From LSC-Montgomery: Alison Carter,
professor of Math, Jeffrey Groah, professor of Math and Yvonne Stallings, professor of
Math. From LSC-North Harris: Jennifer Travis, professor of Math and Shae Adkins,
professor of Speech. From LSC-Tomball: Douglas Boyd, professor of English, Frank Willingham, associate professor of Biology and Steven Prewitt, professor of History. Mr. Bates recognized Marilyn Fisher for her years of service to Lone Star College and her service to the Board. Mr. Bates and Ms. Kelly presented Ms. Fisher with gifts of appreciation from the Board.

V. **WORKSHOP:** Dr. Austin Lane, president of LSC-Montgomery and Dr. Steve Head, president of LSC–North Harris presented an overview of Foundations of Excellence, a comprehensive self-evaluation process that helps identify policies, practices and procedures that impact students negatively in their first year. It is an extensive one year process that involves input from faculty, staff and students on their perception of how effective Lone Star College is with assisting our particular population of students. With the beginning of this academic year, five colleges have either begun or are in the midst of this process.

VI. **CLOSED SESSION:** At 5:31 p.m. Mr. Bates convened the Board in closed session, in accordance with Section 551.001 et. Seq. of the Texas Government Code under one or more of 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 551.087 – Economic Development Negotiations

VII. **RECONVENE REGULAR MEETING:** Mr. Bates reconvened the open meeting at 6:59 p.m.

VIII. **APPROVAL OF THE MINUTES OF THE OCTOBER 6, 2011 WORKSHOP AND REGULAR MEETING, NOVEMBER 3, 2011 WORKSHOP AND REGULAR MEETING, NOVEMBER 4-5, 2011 BOARD OF TRUSTEES RETREAT AND THE DECEMBER 1, 2011 PUBLIC HEARING PROPOSED TAXATION OF GOODS IN TRANSIT AND WORKSHOP AND REGULAR MEETING:** Upon a motion by Mr. Wolfe and a second to the motion by Ms. Good, the Board approved the minutes of the October 6, 2011 Workshop and Regular Meeting. Mr. Adam and Ms. Marquard abstained. Upon a motion by Ms. Marquard and a second by Dr. Holsey, the Board approved the minutes of the November 3, 2011 Workshop and Regular Meeting. Mr. Forestier, Ms. Kelly and Mr. Wolfe abstained. Upon a motion by Ms. Marquard and a second to the motion by Dr. Holsey, the Board approved the minutes of the November 4-5, 2011 Board of Trustees Retreat. Mr. Adam, Mr. Forestier and Ms. Kelly abstained. Upon a motion by Ms. Marquard and a second to the motion by Mr. Forestier, the Board approved the minutes of the December 1, 2011 Workshop and Regular Meeting. Mr. Adam, Mr. Wolfe, Dr. Holsey and Ms. Kelly abstained.
IX. **CITIZENS DESIRING TO ADDRESS THE BOARD:** No citizen addressed the Board.

X. **SPECIAL REPORTS AND ANNOUNCEMENTS:**

1. **Chancellor:** Chancellor Carpenter welcomed Kassia Micek of the Conroe Courier. Official Day Spring 2012 enrollment is 74,302, five percent increase over last spring. LSCS was awarded a $1,175,000 Gulf Coast Partners Achieveing Student Success grant for LSC–North Harris and LSC–CyFair to work with CyFair Independent School District and Spring Independent School District to better prepare its students to succeed in college.

2. **College Presidents:** No report.

3. **Vice Chancellors:** No report.

4. **Faculty Senate Presidents:** Dr. Joyce Boatright, LSC-North Harris faculty senate president, presented emails, notes and letters from students to instructors expressing appreciation of their teaching and how they have impacted their lives. Dr. Boatright stated that as student success is the yardstick in which the college system is measured, she would add that the faculty is the core resource and the bedrock that assures that this institution measures up in that students success.

XI. **CONSIDERATION OF CONSENT AGENDA:** Mr. Bates proceeded with the Consent Agenda. Mr. Bates asked that Action Item number 5 be considered separately. Ms. Kelly made a motion to approve Action Items 1, 2, 3, 4, 6, 7, 8, 9, 10, and 11. Mr. Forestier seconded the motion and the Board unanimously passed the Consent Agenda. A copy is attached as Exhibit “B.”

XII. **POLICY CONSIDERATIONS**

1. **Consideration for Approval for Board of Trustee Travel (ACTION ITEM 1):** the Board unanimously approved Ms. Good and Mr. Wolf to attend the Community College National Legislative Summit in Washington, D.C., February 12-15, 2012. A copy is attached as Exhibit “C.”

2. **Consideration for Approval of the Recommended Revision of Lone Star College System Board Policy Section IV F.4 (ACTION ITEM 2):** the Board unanimously approved the recommended revisions of the Lone Star College System Board Policy Section IV F.4. A copy is attached as Exhibit “D.”

XIII. **FINANCIAL REPORTS AND CONSIDERATIONS**

1. **Monthly Financial Statements:** Ms. Cindy Gilliam, vice chancellor for administration and finance, presented the monthly financial statements for the months ended December 31, 2011 and November 30, 2011. A copy is attached as Exhibit “E.”
2. **Quarterly Investment Report** Ms. Cindy Gilliam, vice chancellor for administration and finance, presented the quarterly investment report for the period ended November 30, 2011. A copy is attached as Exhibit “F.”

3. **Consideration of Approval to Authorize the Chancellor or his Designee to Negotiate and Execute an Agreement to Purchase Financial Aid Services for the System (ACTION ITEM 3):** The Board unanimously approved the purchase of financial aid services for the System from Global Financial Aid Services, 12268 Intraplex Parkway, Gulfport, MS. The term of this agreement will be for an initial period of two years at an estimated total cost of $495,500. The estimated total cost over five years will not exceed $1,600,000 including growth contingencies. This item was passed in the Consent Agenda. A copy is attached as Exhibit “G.”

4. **Consideration of Approval to Purchase Additional Landscaping Services for LSC-UP, North Central Plant (ACTION ITEM 4):** The Board unanimously approved the purchase of additional landscaping services for LSC–UP, North Central Plant from the current contracted vendor, The Brickman Group, 6225 Shadowbend Place, The Woodlands, Texas 77381, for an estimated additional annual amount of $41,000 for the three years remaining in the original contract term. This item was passed in the Consent Agenda. A copy is attached as Exhibit “H.”

5. **Consideration of Approval to Authorize for the Chancellor or his Designee to Negotiate and Execute a Contract for the Comprehensive Facilities Condition Assessment, detailed Demographics, Trends, Space Utilization Analysis and Master Planning Services. (ACTION ITEM 5):** Upon a motion by Ms. Marquard and a second by Mr. Adam the Board authorized the chancellor or his designee to negotiate and execute a contract for the comprehensive facilities condition assessment detailed demographics, trends, space utilization and master planning services with the highest ranked firm, Gensler, 711 Louisiana Suite 300, Houston, TX 77003, for a fair and reasonable price. If negotiations cease for any reason with Gensler, the System will then proceed to negotiate with the 2nd ranked firm, AECOM, 5757 Woodway Drive Suite 101, Houston, TX 77057. Mr. Bates abstained. A copy is attached as Exhibit “I.”

6. **Consideration of Approval to Authorize the Chancellor or his Designee to Approve the Use of Construction Bid Methods which Provide the Best value to the System (ACTION ITEM 6):** The Board unanimously authorized the Chancellor or his designee the use of construction bid methods that provide the best value to the System. This item was passed in the Consent Agenda. A copy is attached as Exhibit “J.”

7. **Consideration of Approval to Authorize the Chancellor or his Designee to Enroll LSCS as a Member of the Education Advisory Board’s University Spend Collaborative Program (ACTION ITEM 7):** The Board unanimously authorized the Chancellor or his designee to enroll LSCS as a member of the Education Advisory
8. Consideration of Approval to Authorize the Chancellor or his Designee to Negotiate and Execute Additional Master Service Contracts for the Purchase of Maintenance, Repairs and Inspection Services for System Facilities (ACTION ITEM 8): the Board unanimously approved authorizing the Chancellor or his designee to negotiate and execute additional master service agreements with the recommended vendors to obtain services for general contracting, plumbing, roofing, restoration/remediation and finishes throughout the System for individual projects which cost less than $100,000. The scope of the award is for an estimated $2,000,000 per year, with a not-to-exceed amount of $10,000,000 over the five year term. This item was passed in the Consent Agenda. A copy is attached as Exhibit “L.”

9. Consideration of Approval to Authorize the Chancellor or his Designee to Negotiate and Execute a Contract for the Purchase of Land for the LSC – Kingwood Campus (ACTION ITEM 9): the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract with Kellington Investments Limited, a Texas Limited Partnership, for approximately 8 acres of land on the north side of the LSC-Kingwood campus for an estimated amount of $1,000,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “M.”

XIV. BUILDING AND GROUNDS REPORT:

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

XV. PERSONNEL REPORTS AND CONSIDERATIONS:

1. Consideration of Ratification of Appointments (ACTION ITEM 10): the Board unanimously ratified the appointments as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “O.”

2. Consideration of Acceptance of Resignations (ACTION ITEM 11): the Board unanimously accepted the resignations as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “P.”

XVI. SUGGESTED FUTURE AGENDA ITEMS: None

XVII. ADJOURNMENT: There being no further business, the meeting was adjourned at 7:20 p.m.

ATTEST:
Consideration of Consent Agenda

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 allows 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>Action Item</th>
<th>Consent Agenda</th>
<th>Chancellor Recommended Separate Action</th>
<th>Board Separate Action</th>
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<tbody>
<tr>
<td># 1 – Authorize Iss Refunding Bonds, Series 2012</td>
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<td># 2 – Authorize Iss Ltd Tax GO Ref Bonds, Series 2012</td>
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<td># 3 – Approve Purchase Add Janitorial Srvc LSC - Atas</td>
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<td># 4 – Approve Purchase Add Srvc Comm Mngt System</td>
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<td># 5 – Approve Purchase Constr Srvs Replace Roof LSC-NH</td>
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<td># 6 – Authorize Chan/Neg/Exec/Purch Constr Srvs LSC-TC</td>
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<td># 7 – Approve Purchase Welding Supplies/Gases</td>
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<td># 8 – Approve Renew/Purchase Licenses Aztec Software</td>
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<td># 9 – Approve Purchase Control Training System LSC-UP</td>
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<td># 10 – Approve Neg/Exec Purchase Fin Aid Consult Services</td>
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<td># 11 – Ratify Appointments</td>
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<td># 12 – Accept Resignations</td>
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<td># 13 – Annual Performance Review of Chancellor</td>
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<td># 14 – Approve Commissioning of Peace Officers</td>
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Report: Monthly Financial Statements

The financial statements for the month ended January 31, 2012 are presented for Board review.
% OF BUDGETED REVENUES COLLECTED

- JANUARY
- DECEMBER
- NOVEMBER
- OCTOBER
- SEPTEMBER

Year: 2006-2007 to 2011-2012
% OF BUDGETED EXPENDITURES USED

JANUARY | DECEMBER | NOVEMBER | OCTOBER | SEPTEMBER

06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12
HOW MUCH DO WE NEED IN RESERVES?

January: Revenues are ready to cover the next several months of expenditures.
TYPES OF STUDENT REVENUES - FALL & SPRING SEMESTERS

- CORPORATE COLLEGE
- NON-CREDIT
- STATE DEDUCTIONS
- FEES-ALL STUDENTS
- DUAL CREDIT
- OUT OF STATE/INTERNATL
- OUT OF DISTRICT
- IN-DISTRICT
STUDENT REVENUES - FALL & SPRING SEMESTERS

- IN-DISTRICT
- OUT OF DISTRICT
- OUT OF STATE/INTERNATIONAL
- DUAL CREDIT

FEES-ALL STUDENTS
STATE DEDUCTIONS
NON-CREDIT
CORPORATE COLLEGE

Millions

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<th>Years</th>
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<th>07-08</th>
<th>08-09</th>
<th>09-10</th>
<th>10-11</th>
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## LONE STAR COLLEGE SYSTEM

Statement of Revenues and Expenditures  
General and Auxiliary Funds  
For the Five Months Ended January 31, 2012  
Unaudited

### REVENUES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Budget</th>
<th>Actual</th>
<th>% TO BUDGET</th>
<th>Prior Year</th>
<th>% TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>$63,210,000</td>
<td>$27,912,112</td>
<td>44.16%</td>
<td>$25,042,436</td>
<td>42.79%</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>94,170,000</td>
<td>74,790,119</td>
<td>79.42%</td>
<td>61,539,544</td>
<td>80.35%</td>
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<tr>
<td>Taxes</td>
<td>97,850,000</td>
<td>74,073,055</td>
<td>75.70%</td>
<td>65,536,138</td>
<td>67.15%</td>
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<tr>
<td>Investments</td>
<td>500,000</td>
<td>65,638</td>
<td>13.13%</td>
<td>144,086</td>
<td>28.82%</td>
</tr>
<tr>
<td>Other</td>
<td>5,220,000</td>
<td>1,800,957</td>
<td>34.50%</td>
<td>1,688,406</td>
<td>37.24%</td>
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<tr>
<td>Tuition/Growth Contingency</td>
<td>3,100,000</td>
<td>121,605</td>
<td>3.92%</td>
<td>2,786,546</td>
<td>55.73%</td>
</tr>
<tr>
<td>Reserves</td>
<td>2,700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total Current Operations Revenues**:  
266,750,000  
178,763,486  
67.02%  
156,737,156  
64.57%

<table>
<thead>
<tr>
<th>Source</th>
<th>Budget</th>
<th>Actual</th>
<th>% TO BUDGET</th>
<th>Prior Year</th>
<th>% TO BUDGET</th>
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</thead>
<tbody>
<tr>
<td>Auxiliary Revenues</td>
<td>10,000,000</td>
<td>2,700,300</td>
<td>27.00%</td>
<td>1,941,897</td>
<td>24.27%</td>
</tr>
</tbody>
</table>

**Total Revenues**:  
276,750,000  
181,463,786  
65.57%  
158,679,053  
63.28%

### EXPENDITURES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Budget</th>
<th>Actual</th>
<th>% TO BUDGET</th>
<th>Prior Year</th>
<th>% TO BUDGET</th>
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</thead>
<tbody>
<tr>
<td>Instruction-Academic</td>
<td>70,978,231</td>
<td>27,920,923</td>
<td>39.34%</td>
<td>28,551,838</td>
<td>43.89%</td>
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<tr>
<td>Instruction-Workforce</td>
<td>26,959,846</td>
<td>11,486,643</td>
<td>42.61%</td>
<td>11,043,028</td>
<td>43.10%</td>
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<td>Public Service</td>
<td>1,074,887</td>
<td>302,326</td>
<td>28.13%</td>
<td>332,054</td>
<td>30.27%</td>
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<td>Academic Support</td>
<td>44,683,983</td>
<td>15,266,005</td>
<td>34.16%</td>
<td>14,619,836</td>
<td>32.66%</td>
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<tr>
<td>Student Services</td>
<td>32,109,868</td>
<td>10,831,414</td>
<td>33.73%</td>
<td>9,467,743</td>
<td>31.54%</td>
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<tr>
<td>Institutional Support</td>
<td>27,448,211</td>
<td>9,407,878</td>
<td>34.28%</td>
<td>10,145,528</td>
<td>36.70%</td>
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<td>Plant Operation and Maintenance</td>
<td>28,586,593</td>
<td>11,890,895</td>
<td>41.60%</td>
<td>10,661,836</td>
<td>36.04%</td>
</tr>
<tr>
<td>Staff Benefits</td>
<td>23,389,420</td>
<td>7,857,898</td>
<td>33.60%</td>
<td>6,643,860</td>
<td>47.61%</td>
</tr>
<tr>
<td>Growth Contingency</td>
<td>918,961</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total Educational and General Expenditures**:  
256,150,000  
94,963,982  
37.07%  
91,465,723  
38.07%

<table>
<thead>
<tr>
<th>Source</th>
<th>Budget</th>
<th>Actual</th>
<th>% TO BUDGET</th>
<th>Prior Year</th>
<th>% TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair, Replacement and Other</td>
<td>3,800,000</td>
<td>135,866</td>
<td>3.58%</td>
<td>351,378</td>
<td>10.62%</td>
</tr>
<tr>
<td>Internally Designated</td>
<td>10,000,000</td>
<td>2,411,165</td>
<td>24.11%</td>
<td>1,941,236</td>
<td>24.27%</td>
</tr>
</tbody>
</table>

**Total Expenditures**:  
269,950,000  
97,511,013  
36.12%  
93,758,337  
37.27%

<table>
<thead>
<tr>
<th>Source</th>
<th>Budget</th>
<th>Actual</th>
<th>% TO BUDGET</th>
<th>Prior Year</th>
<th>% TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Changes - Debt Service &amp; Fund Transfers</td>
<td>6,800,000</td>
<td>1,767,925</td>
<td>24.11%</td>
<td>952,416</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### NET INCREASE (DECREASE) IN FUND BALANCES

<table>
<thead>
<tr>
<th>Source</th>
<th>General Funds</th>
<th>Budget</th>
<th>Actual</th>
<th>Prior Year</th>
<th>% TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>81,895,713</td>
<td>63,967,639</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>Auxiliary Funds</th>
<th>Budget</th>
<th>Actual</th>
<th>Prior Year</th>
<th>% TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>289,135</td>
<td>661</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL NET INCREASE (DECREASE) IN FUND BALANCES**:  
0  
$82,184,848  
$63,968,300
**LONE STAR COLLEGE SYSTEM**

**Balance Sheet**  
**January 31, 2012**  
**Unaudited**

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB 34/35 Reporting &amp; Investment In Plant</th>
<th>Memorandum Totals</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>16,154,757</td>
<td>-</td>
<td>$ (10,528,676)</td>
<td>$ 5,626,081</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>63,223,645</td>
<td>104,924,985</td>
<td>5,524,601</td>
<td>173,673,231</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>100,968,316</td>
<td>102,592,831</td>
<td>1,002</td>
<td>203,562,149</td>
<td></td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>2,687,489</td>
<td>-</td>
<td></td>
<td>2,687,489</td>
<td></td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>34,716</td>
<td>-</td>
<td></td>
<td>34,716</td>
<td></td>
</tr>
<tr>
<td>Amount to be provided for retirement long-term debt</td>
<td></td>
<td></td>
<td>638,215,802</td>
<td>638,215,802</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td></td>
<td></td>
<td></td>
<td>729,087,718</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$ 183,068,923</strong></td>
<td><strong>$ 835,204,942</strong></td>
<td><strong>$ 734,613,321</strong></td>
<td><strong>$ 1,752,887,186</strong></td>
<td></td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

**LIABILITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB 34/35 Reporting &amp; Investment In Plant</th>
<th>Memorandum Totals</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>21,681,585</td>
<td>4,591,517</td>
<td></td>
<td>$ 26,273,102</td>
<td></td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>29,455,590</td>
<td>99,208,044</td>
<td>-</td>
<td>128,663,634</td>
<td></td>
</tr>
<tr>
<td>Accrued compensable absences payable</td>
<td>6,271,680</td>
<td>331,280</td>
<td></td>
<td>6,602,960</td>
<td></td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td></td>
<td></td>
<td>1,021,574</td>
<td>1,021,574</td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td></td>
<td></td>
<td>638,333,584</td>
<td>638,333,584</td>
<td></td>
</tr>
<tr>
<td>Assets held in custody for others</td>
<td></td>
<td>6,314,082</td>
<td></td>
<td>6,314,082</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>57,408,855</strong></td>
<td><strong>749,800,081</strong></td>
<td></td>
<td><strong>807,208,936</strong></td>
<td></td>
</tr>
</tbody>
</table>

**FUND BALANCES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB 34/35 Reporting &amp; Investment In Plant</th>
<th>Memorandum Totals</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>125,660,068</td>
<td>-</td>
<td>468,375,969</td>
<td>594,036,037</td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Non grant agreements</td>
<td>-</td>
<td>1,255,123</td>
<td></td>
<td>1,255,123</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>485,631</td>
<td></td>
<td>485,631</td>
<td></td>
</tr>
<tr>
<td>Restricted for construction</td>
<td>-</td>
<td>49,546,396</td>
<td>264,630,796</td>
<td>314,177,192</td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>-</td>
<td>34,117,711</td>
<td>1,606,556</td>
<td>35,724,267</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
<td><strong>125,660,068</strong></td>
<td><strong>85,404,861</strong></td>
<td><strong>734,613,321</strong></td>
<td><strong>945,678,250</strong></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND FUND BALANCES**

<table>
<thead>
<tr>
<th>Description</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB 34/35 Reporting &amp; Investment In Plant</th>
<th>Memorandum Totals</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCES</strong></td>
<td><strong>$ 183,068,923</strong></td>
<td><strong>$ 835,204,942</strong></td>
<td><strong>$ 734,613,321</strong></td>
<td><strong>$ 1,752,887,186</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

Note: The table above presents the financial statements of Lone Star College System as of January 31, 2012, in an unaudited form. The GASB 34/35 Memorandum reflects the application of GASB standards for reporting and investment in plant. The Totals column provides a consolidated view of all assets, liabilities, and fund balances.
<table>
<thead>
<tr>
<th>Description</th>
<th>Ending BV 12/31/11</th>
<th>Total Buys</th>
<th>Total Sells</th>
<th>Interest/Dividends</th>
<th>Ending BV 01/31/2012</th>
<th>Ending BV 01/31/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH</td>
<td>118,657</td>
<td>7,543</td>
<td>0</td>
<td></td>
<td>126,200</td>
<td>491,892</td>
</tr>
<tr>
<td>POOLS</td>
<td>15,748,025</td>
<td>42,063,735</td>
<td>0</td>
<td>12,585</td>
<td>57,811,761</td>
<td>87,267,800</td>
</tr>
<tr>
<td>AGENCIES</td>
<td>10,000,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10,000,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td>CERTIFICATE OF DEPOSIT</td>
<td>20,030,234</td>
<td>5,000,000</td>
<td>0</td>
<td>0</td>
<td>25,030,234</td>
<td></td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>2,992,750</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,993,571</td>
<td>2,998,893</td>
</tr>
<tr>
<td>SOUTHSIDE MONEY MARKET</td>
<td>5,005,352</td>
<td>1,199</td>
<td>0</td>
<td>1,199</td>
<td>5,006,550</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total / Average</strong></td>
<td>53,895,018</td>
<td>47,072,477</td>
<td>0</td>
<td>13,783.46</td>
<td>100,968,316</td>
<td>101,758,585</td>
</tr>
<tr>
<td><strong>DEBT SERVICE &amp; CAPITAL PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CERTIFICATE OF DEPOSIT</td>
<td>5,031,923</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5,031,923</td>
<td></td>
</tr>
<tr>
<td>DEBT SERVICE POOLS</td>
<td>13,229,986</td>
<td>19,145,615</td>
<td>0</td>
<td>3,528</td>
<td>32,375,601</td>
<td>36,374,032</td>
</tr>
<tr>
<td>AGENCIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>4,996,083</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,997,193</td>
<td>4,997,819</td>
</tr>
<tr>
<td>CAPITAL PROJECTS POOLS</td>
<td>63,464,239</td>
<td>13,404</td>
<td>3,289,529</td>
<td>13,404</td>
<td>60,188,114</td>
<td>162,050,621.00</td>
</tr>
<tr>
<td>JPMC MM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total / Average</strong></td>
<td>86,722,231</td>
<td>19,159,019</td>
<td>3,289,529</td>
<td>16,932</td>
<td>102,592,831</td>
<td>203,422,472</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>140,617,250</td>
<td>66,231,496</td>
<td>3,289,529</td>
<td>30,716</td>
<td>203,561,147</td>
<td>305,181,057</td>
</tr>
</tbody>
</table>
Request: EIGHTH SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF LONE STAR COLLEGE SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2012; PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR AND/OR VICE CHANCELLOR FOR ADMINISTRATION AND FINANCE/CFO TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, AND CERTAIN OTHER TERMS THEREOF; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AND A PAYING AGENT/REGISTRAR AGREEMENT RELATING TO SUCH BONDS; APPROVING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

Chancellor’s Recommendation: That the Board of Trustees approve the resolution for the advanced refunding of approximately $8,330,000 Revenue Financing System Improvement and Refunding Bonds, Series 2003 and 2003A.

Rationale: The Administration has determined it is favorable to the System to refund the Series 2003 and 2003A Bonds that are callable. Present Value savings of the refunding is 12.48% or $1,036,599 over the current bond maturities. This resolution will allow the Chancellor or Vice Chancellor of Administration & Finance / CFO to sell the bonds based on favorable market conditions.

Fiscal Impact: The current pledged revenue stream will support the debt service requirements of this bond refunding issue.

Staff Resource: Cindy Gilliam 832-813-6512
EIGHTH SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF LONE STAR COLLEGE SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2012; PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR AND/OR VICE CHANCELLOR FOR ADMINISTRATION AND FINANCE/CFO TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, AND CERTAIN OTHER TERMS THEREOF; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AND A PAYING AGENT/REGISTRAR AGREEMENT RELATING TO SUCH BONDS; APPROVING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

STATE OF TEXAS §
COUNTIES OF HARRIS, §
MONTGOMERY AND SAN JACINTO §
LONE STAR COLLEGE SYSTEM §

WHEREAS, the Board of Trustees of Lone Star College System (formerly North Harris Montgomery Community College District) (“System”) 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” (the “Master Resolution”); and

WHEREAS, unless otherwise defined herein, capitalized terms used herein shall have the meanings 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, on June 27, 2000, the System authorized the issuance of the first series of Parity Obligations pursuant to the First Supplement (as herein defined); and

WHEREAS, on February 6, 2003, the System authorized the issuance of the second series of Parity Obligations pursuant to the Second Supplement (as herein defined); and

WHEREAS, on November 6, 2003, the System authorized the issuance of the third series of Parity Obligations pursuant to the Third Supplement (as herein defined); and

WHEREAS, on September 7, 2006, the System authorized the issuance of the fourth series of Parity Obligations pursuant to the Fourth Supplement (as herein defined); and

WHEREAS, on May 3, 2007, the System authorized the issuance of the fifth series of Parity Obligations pursuant to the Fifth Supplement (as herein defined); and
WHEREAS, on March 4, 2010, the System authorized the issuance of Parity Obligations pursuant to the Sixth Supplement (as herein defined), which bonds were never issued; and

WHEREAS, on August 4, 2011, the System authorized the issuance of Parity Obligations pursuant to the Seventh Supplement (as herein defined); and

WHEREAS, the System desires to issue an additional series of Parity Obligations for the purpose of refunding certain of its Outstanding Parity Obligations identified and described in Schedule I attached hereto (the “Refunded Obligation Candidates”) for the purpose of achieving [debt service savings]; and

WHEREAS, it is intended that all or a portion of the Refunded Obligation Candidates shall be designated as Refunded Obligations (as hereinafter defined) in the Pricing Certificate (as hereinafter defined) and shall be refunded pursuant to this Eighth Supplement (as hereinafter defined) and the Pricing Certificate; and

WHEREAS, Chapter 1207, Texas Government Code, as amended, (“Chapter 1207”) authorizes the System to issue the Bonds for the purpose of refunding the Refunded Obligations in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Obligations (or other qualified escrow agent), the proceeds of such Bonds, together with other available funds or securities, in an amount sufficient to provide for the payment or redemption of the Refunded Obligations, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

WHEREAS, upon the issuance of the Bonds herein authorized and the deposit of funds referred to above, the Refunded Obligations shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Refunded Obligations shall be, with respect to the Refunded Obligations, discharged, terminated and defeased; and

WHEREAS, the System hereby finds and determines that the refunding contemplated in this Eighth Supplement will benefit the System by providing a [present value saving in the debt service payable by the System], and that such benefit is sufficient consideration for the refunding of the Refunded Obligations; and

WHEREAS, the System hereby finds and determines that the issuance and delivery of the Bonds hereinafter authorized is necessary and in the public interest and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, the Bonds authorized to be issued by this Eighth Supplement are to be issued and delivered pursuant to the laws of the State of Texas, including particularly Chapter 1207; and

WHEREAS, pursuant to Chapter 1207, the System desires to delegate the authority to effect the sale of the Bonds to the Chancellor and Vice Chancellor for Administration and Finance/CFO; and
WHEREAS, the System hereby finds and determines that the manner in which the refunding is being executed does not make it practicable to make the determination described by Section 1207.008(a)(2) of Chapter 1207; and]

WHEREAS, the meeting at which this Eighth Supplement is being considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; Now, Therefore

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF LONE STAR COLLEGE SYSTEM THAT:

ARTICLE I

PRELIMINARY MATTERS AND DEFINITIONS

Section 1.01. Preamble.

The matters and facts set forth in the preamble to this Eighth Supplement are hereby found to be true and correct and are hereby adopted and made a part of this Eighth Supplement for all purposes.

Section 1.02. Findings.

The Board hereby finds that the System 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 System relating to the Financing System. In addition, the Board finds that the System possesses the financial capability to satisfy the Annual Debt Service Obligations, after taking into account the issuance of the Bonds, and the System is in compliance with all covenants contained in the Master Resolution, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement and the Seventh Supplement and is not in default in the performance and observance of any of the terms, provisions, and conditions thereof.

Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Eighth Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Eighth Supplement or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.
(b) This Eighth Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Eighth Supplement.

(c) All article and section references shall mean references to the respective articles and sections of this Eighth Supplement unless designated otherwise.

Section 1.05. Definitions.

Capitalized terms used in this Eighth Supplement and not otherwise defined in the Master Resolution shall have the meanings specified below, unless the context clearly requires otherwise:

“Accreted Value” means, with respect to the Capital Appreciation Bonds, the original principal amount of such Bond plus the initial premium, if any, paid therefor, with interest thereon compounded semiannually, as set forth in the Pricing Certificate.

“Authorized Officer” means the Chancellor and/or the Vice Chancellor for Administration and Finance/CFO.

“Board” means the Board of Trustees of the System.

“Bond” means any of the Bonds.

“Bonds” means the System’s bonds authorized to be issued this Eighth Supplement entitled, “Lone Star College System Revenue Financing System Refunding Bonds, Series 2012” and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Eighth Supplement.

“Bond Counsel” means a firm or firms of nationally recognized attorneys experienced in the issuance of bonds acceptable to the System, initially Bracewell & Giuliani LLP, Houston, Texas and any successor thereto.

“Business Day” means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

“Capital Appreciation Bonds” means, collectively, the Bonds designated as Capital Appreciation Bonds in the Pricing Certificate, if any, and with respect to which interest is compounded semiannually and is payable only at Maturity.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.


“Current Interest Bonds” means, collectively, the Bonds designated as Current Interest Bonds in the Pricing Certificate and with respect to which interest is payable on each Interest Payment Date.
“Dated Date” shall mean the date of the Bonds as designated in the Pricing Certificate.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar, its corporate trust office designated in the Pricing Certificate or such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the System and such successor.

“DTC” means The Depository Trust Company, New York, New York, or any successor securities depository.

“DTC Participant” means the securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Eighth Supplement” means this “Eighth Supplemental Resolution Authorizing the Issuance of Lone Star College System Revenue Financing System Refunding Bonds, Series 2012; Providing for the Security and Payment Thereof; Setting Certain Parameters for the Bonds; Authorizing the Chancellor and/or Vice Chancellor for Administration and Finance/CFO to Approve the Amount, the Interest Rate, Price and Certain Other Terms Thereof; Authorizing the Redemption Prior to Maturity of Certain Outstanding Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement and a Paying Agent/Registrar Agreement Relating to such Bonds; Approving the Preparation and Distribution of an Official Statement; and Enacting Other Provisions Relating Thereto”, adopted by the Board on March 8, 2012.

“Fifth Supplement” means the “Fifth Supplemental Resolution Authorizing the Issuance of North Harris Montgomery Community College District Revenue Financing System Bonds, Series 2007; Authorizing the Chancellor and Vice Chancellor for Business Affairs and Chief Financial Officer to Approve the Amount, the Interest Rate, Price and Terms Thereof and Certain Other Procedures and Provisions Related Thereto”, adopted by the Board on May 3, 2007.

“Financial Statements” means the financial statements of the System prepared in accordance with the accounting principles described in the Official Statement.


“Fiscal Year” means the year beginning each September 1st and ending the following August 31st.

“Fourth Supplement” means the “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
“Initial Bonds” means the Initial Current Interest Bond and the Initial Capital Appreciation Bond.

“Initial Capital Appreciation Bond” means the Initial Capital Appreciation Bond authorized by Section 2.02.

“Initial Current Interest Bond” means the Initial Current Interest Bond authorized by Section 2.02.

“Interest Payment Date” means, with respect to the Current Interest Bonds, the date or dates on which interest on the Bonds is scheduled to be paid, as designated in the Pricing Certificate.

“Master Resolution” shall mean 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”, adopted by the Board on June 27, 2000.

“Maturity” means the date on which the principal of the Current Interest Bonds and the Maturity Amount of the Capital Appreciation Bonds become due and payable according to the terms thereof, whether at Stated Maturity or by proceedings for prior redemption.

“Maturity Amount” means, with respect to the Capital Appreciation Bonds, the original principal amount thereof plus the initial premium, if any, paid therefore, plus interest accreted and compounded thereon, as set forth herein and in the Pricing Certificate, and payable at Maturity.

“MSRB” means the Municipal Securities Rulemaking Board.

“Paying Agent/Registrar” means the Paying Agent/Registrar Agent designated in the Pricing Certificate.

“Paying Agent Registrar Agreement” means the Paying Agent/Registrar Agreement between the Paying Agent/Registrar and the System relating to the Bonds.

“Pricing Certificate” means a certificate or certificates to be signed by the Authorized Officer, in substantially the form attached hereto as Exhibit A with such variations, omissions and insertions as are approved by the Authorized Officer as indicated by his/her signature.

“Paying Agent/Registrar,” “Paying Agent” or “Registrar” shall mean the agent appointed pursuant to Section 8.01 of this Eighth Supplement, or any successor to such agent.

“Purchase Agreement” means the Bond Purchase Agreement between the System and the Underwriter providing for the sale of the Bonds to the Underwriter.
“Record Date” means, with respect to the Current Interest Bonds, the last Business Day of each month preceding an interest payment date.

“Refunded Obligation Candidates” mean the bonds of the System described in Schedule I attached hereto.

“Refunded Obligations” mean those bonds of the System designated as such in the Pricing Certificate from the list of Refunded Obligation Candidates.

“Register” means the bond register specified in Section 2.06(a).

“Representations Letter” means the Blanket Letter of Representations between the System and DTC.

“Rule” means Rule 15c2-12 of the U.S. Securities and Exchange Commission adopted under the Securities Exchange Act of 1934 and as the same may be amended from time to time.

“SEC” means the United States Securities and Exchange Commission.


“Seventh Supplement” means the “Seventh Supplemental Resolution Authorizing the Issuance of Lone Star College System Revenue Financing System Refunding Bonds, Series 2011; Providing for the Security and Payment Thereof; Setting Certain Parameters for the Bonds; Authorizing the Chancellor and/or Vice Chancellor for Administration and Finance/CFO to Approve the Amount, the Interest Rate, Price and Certain Other Terms Thereof; Authorizing the Redemption Prior to Maturity of Certain Outstanding Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement and a Paying Agent/Registrar Agreement Relating to such Bonds; Approving the Preparation and Distribution of an Official Statement; and Enacting Other Provisions Relating Thereto”, adopted by the Board on August 4, 2011.

“Sixth Supplement” means the “Sixth Supplemental Resolution Authorizing the Issuance of Lone Star College System Revenue Financing System Refunding Bonds, Series 2010; Setting Certain Parameters for the Bonds; Authorizing the Redemption Prior to Maturity of Certain Outstanding Bonds; Authorizing the Chancellor and/or Vice Chancellor for Administration and Finance to Approve the Amount, the Interest Rate, Price and Terms Thereof and Certain Other Procedures and Provisions Related Thereto”, adopted by the Board on March 4, 2010.

“Special Payment Date” means the date that is fifteen (15) days after the Special Record Date, as described in Section 2.03(e).

“Special Record Date” means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, as described in Section 2.03(e).
“State” means the State of Texas.

“Stated Maturity” means the respective stated maturity dates of the Bonds specified in the Pricing Certificate.

“System” means Lone Star College System (formerly North Harris Montgomery Community College District).


“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal, premium, if any, or interest, or money set aside for the payment of Bonds duly called for redemption prior to Stated Maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

“Underwriter” means the underwriter or underwriters designated in the Pricing Certificate.

ARTICLE II

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 2.01.  Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with Chapter 1207. The Bonds shall be issued in an aggregate principal amount not to exceed the amount specified in Section 10.01 hereof, for the purpose of refunding the Refunded Obligations and paying the costs of issuing the Bonds.

Section 2.02.  Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated the Dated Date as set forth in the Pricing Certificate, and shall be in fully registered form, without coupons.

(b) The Current Interest Bonds shall be in the aggregate principal amount designated in the Pricing Certificate, shall be in the denomination of $5,000 principal amount or any integral multiple thereof and shall be numbered separately from one upward, except the Initial Current Interest Bond, which shall be numbered I-1.

(c) The Current Interest Bonds shall mature on the dates and in the principal amounts and shall bear interest at the per annum rates set forth in the Pricing Certificate.
Interest shall accrue and be paid on each Current Interest Bond, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of (i) the Dated Date or the Closing Date, as set forth in the Pricing Certificate, or (ii) the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified in the Pricing Certificate. Such interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360–day year of twelve 30–day months.

The Capital Appreciation Bonds shall be in the aggregate original principal amount and aggregate Maturity Amount designated in the Pricing Certificate, shall be in the Maturity Amounts of $5,000 or any integral multiple thereof, and shall be numbered separately from one upward, except the Initial Capital Appreciation Bond, which shall be numbered ICA–1.

The Capital Appreciation Bonds shall be issued in the original principal amounts and shall bear interest at the per annum rates, calculated on the basis of a 360–day year composed of twelve 30–day months (subject to rounding to the Accreted Values thereof), and shall mature on the dates and in the Maturity Amounts set forth in the Pricing Certificate.

Interest shall accrete on each Capital Appreciation Bond from the Closing Date and shall be compounded semiannually as designated in the Pricing Certificate, until Maturity. The accreted interest on each Capital Appreciation Bond shall be payable at Maturity as a portion of the Maturity Amount.

Section 2.03. Medium, Method and Place of Payment.

(a) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on each Current Interest Bond shall be paid by check dated as of the Interest Payment Date, and sent first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner, as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements.

(c) The principal of each Current Interest Bond and the Maturity Amount of each Capital Appreciation Bond shall be paid to the Owner thereof at Maturity upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(d) If the date for the payment of Debt Service is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

(e) In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such
interest have been received from the System. Notice of the Special Record Date and of the special payment date of the past due interest (the “Special Payment Date,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(f) Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the System to be used for any lawful purpose. Thereafter, neither the System, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, Texas Property Code.

Section 2.04. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the System by the Chair and Secretary of the Board, by their manual or facsimile signatures, and the official seal of the System shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the System had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the System whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Eighth Supplement unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller’s Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by her duly authorized agent, which certificate shall be evidence that the Bond has been duly approved by the Attorney General of the State, and that it is a valid and binding obligation of the System, and that it has been registered by the Comptroller of Public Accounts of the State.
(d) On the Closing Date, the Initial Bonds, being (i) a single Initial Current Interest Bond representing the entire principal amount of the Current Interest Bonds designated in the Pricing Certificate and (ii) a single Initial Capital Appreciation Bond representing the aggregate Maturity Amount of the Capital Appreciation Bonds designated in the Pricing Certificate, each such Initial Bond to be payable in stated installments to the Underwriter or its designee, each such Initial Bond to be executed by manual or facsimile signatures of the Chair and Secretary of the System, approved by the Attorney General of the State, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the Underwriter or its designee. Upon payment for the Initial Bonds, the Paying Agent/Registrar shall cancel the Initial Bonds and deliver registered definitive Bonds to DTC in accordance with Section 2.09 hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC’s FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 2.05. Ownership.

(a) The System, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal or Maturity Amount thereof for the further purpose of making and receiving payment of the interest thereon (subject to the provision herein that for the Current Interest Bonds interest is to be paid to the person in whose name the Current Interest Bond is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the System nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the System and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 2.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the System shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a bond register (the “Register”) in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Eighth Supplement.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of $5,000 and in an aggregate principal amount (with respect to Current Interest Bonds) or Maturity Amount (with
respect to Capital Appreciation Bonds) equal to the unpaid principal amount or Maturity Amount of the Bonds presented for exchange.

(d) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the System and shall be entitled to the benefits and security of this Eighth Supplement to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the System nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption, in whole or in part, within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 2.07. Cancellation. All Bonds paid or redeemed before Stated Maturity in accordance with this Eighth Supplement, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Eighth Supplement, shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

Section 2.08. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount (with respect to the Current Interest Bonds) or Maturity Amount (with respect to the Capital Appreciation Bonds), bearing a number not contemporaneously outstanding. The System or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount (with respect to the Current Interest Bonds) or Maturity Amount (with respect to the Capital Appreciation Bonds), bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:
(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the System to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar, and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the System and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the System and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the System or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed, or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the System and shall be entitled to the benefits and security of this Eighth Supplement to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 2.09. Book-Entry Only System.

(a) Unless otherwise specified in the Pricing Certificate, the definitive Bonds shall be initially issued in the form of a separate fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 2.10 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Eighth Supplement. Without limiting the immediately preceding sentence, the System and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner of any amount
with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Eighth Supplement to the contrary, the System and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds for the purpose of giving notices with respect to such Bond, and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register, as provided in this Eighth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the System’s obligations with respect to payment of premium, if any, principal and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond evidencing the obligation of the System to make payments of amounts due pursuant to this Eighth Supplement. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Eighth Supplement with respect to interest payments being mailed to the Owner as shown on the Register on the Record Date, the word “Cede & Co.” in this Eighth Supplement shall refer to such new nominee of DTC.

(c) The Representation Letter previously executed and delivered by the System, and applicable to the System’s obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

Section 2.10. Successor Securities Depository; Transfer Outside Book-Entry Only System.

In the event that the System determines that it is in the best interest of the System and of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the System or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Eighth Supplement.

Section 2.11. Payments to Cede & Co.

Notwithstanding any other provision of this Eighth Supplement to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect
to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter of the System to DTC.

ARTICLE III

ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS

Section 3.01. Establishment of Financing System and Issuance of Parity Bonds.

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 System. This Eighth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds which are the seventh series of Parity Obligations issued under 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 Bonds are hereby declared to be Parity Obligations under the Master Resolution. The Board hereby determines, in connection with the issuance of the Bonds, that the System possesses the financial capability and will have sufficient funds, including sufficient Pledged Revenues, to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the System relating to the Financing System.

ARTICLE IV

SECURITY AND PAYMENTS

Section 4.01. Security and Payments.

The Bonds are special obligations of the System payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Eighth Supplement. The Pledged Revenues are hereby pledged to the payment of the principal of, premium, if any, and interest on the Bonds 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 Pledged Revenues are further pledged to the maintenance of the Debt Service Fund to the extent hereinafter provided. The Bonds 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 System agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption.
ARTICLE V

FLOW OF FUNDS

Section 5.01. Flow of Funds.

The System shall make deposits from Pledged Revenues to the Debt Service Fund at the times and in the order of priority set forth in this Section.

(a) Debt Service Fund. To the credit of the Debt Service Fund, on or before each August 1 and February 1 so long as any Bonds are outstanding:

(i) such amounts, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the interest scheduled to come due on the Bonds on the next succeeding Interest Payment Date; and

(ii) such amounts, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the principal scheduled to mature on the Bonds on the next succeeding principal payment date.

ARTICLE VI

PAYMENTS

On or before the first scheduled Interest Payment Date, and on or before each Interest Payment Date and principal payment date thereafter while any of the Bonds are Outstanding and unpaid, the System shall make available to the Paying Agent/Registrar, out of the Debt Service Fund monies sufficient to pay such interest on and such principal amount of the Bonds, as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the System with an appropriate certificate of cancellation or destruction.

ARTICLE VII

REDEMPTION OF BONDS BEFORE MATURITY

Section 7.01. Limitation on Redemption.

The Bonds shall be subject to redemption before Stated Maturity only as provided in this Article VII and in the Pricing Certificate.
Section 7.02. Optional Redemption.

The Bonds shall be subject to redemption prior to the Stated Maturity, at the option of the System at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the Pricing Certificate.

Section 7.03. Mandatory Redemption.

(a) The Bonds designated as “Term Bonds” in the Pricing Certificate (“Term Bonds”), if any, are subject to scheduled mandatory redemption and will be redeemed by the System, in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Debt Service Fund, on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 7.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this section shall be reduced, at the option of the System, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the System at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 7.04. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Section 7.02, the System shall determine the maturities and the principal amount thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or any other customary random selection method such Bonds for redemption.

(b) A portion of a single Bond of a denomination greater than $5,000 may be redeemed, but only in a principal amount equal to $5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each $5,000 portion of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 2.06 of this Eighth Supplement, shall authenticate and deliver exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.
Section 7.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) The System reserves the right to give notice of its election or direction to redeem Bonds under Section 7.02 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the System retains the right to rescind such notice at any time prior to the scheduled redemption date if the System delivers a certificate of the System to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 7.06. Payment Upon Redemption.

(a) Before or on each redemption date, the System shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the System and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption to the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 7.07. Effect of Redemption.

(a) When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment
solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

(b) If the System shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by the System.

Section 7.08. Lapse of Payment. Money set aside for the redemption of the Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 2.03(f) hereof.

ARTICLE VIII

PAYING AGENT/REGISTRAR

Section 8.01. Appointment of Initial Paying Agent/Registrar.

(a) The Authorized Officer is hereby authorized to select and appoint the initial Paying Agent/Registrar for the Bonds, and the initial Paying Agent/Registrar shall be designated in the Pricing Certificate.

(b) The Authorized Officer is hereby authorized and directed to execute and deliver or cause the execution and delivery by the Chair and Secretary of the Board, a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the System and the Paying Agent/Registrar, in such form as may be approved by the Authorized Officer, such approval to be evidenced by the signature of the appropriate System officials.

Section 8.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 8.03. Maintaining Paying Agent/Registrar.

(a) At all times while any of the Bonds are outstanding, the System will maintain a Paying Agent/Registrar that is qualified under Section 8.02 of this Eighth Supplement.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the System will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.
Section 8.04. **Termination.**

The System reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) 45 days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided that, no such termination shall be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 8.05. **Notice of Change to Owners.**

Promptly upon each change in the entity serving as Paying Agent/Registrar, the System will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address thereof in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 8.06. **Agreement to Perform Duties and Functions.**

By accepting the appointment as Paying Agent/Registrar, and by executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Eighth Supplement and that it will perform the duties and functions of Paying Agent/Registrar prescribed herein.

Section 8.07. **Delivery of Records to Successor.**

The Paying Agent/Registrar, promptly upon the appointment of a successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

**ARTICLE IX**

**FORM OF THE BONDS**

Section 9.01. **Form Generally.**

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State to accompany the Initial Bonds, the Certificate of the Paying Agent/Registrar, and the Assignment form which shall accompany, appear on or be attached or affixed to each of the Bonds, (i) shall be substantially in the forms set forth in the Pricing Certificate, with such appropriate insertions, omissions, substitutions, and other variations as may be necessary or desirable and not prohibited by this Eighth Supplement and the Pricing Certificate, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any legend relating to bond insurance for the Bonds or reproduction of an opinion of counsel) as, consistently herewith, may be determined by the Authorized Officer or by the officers executing such Bonds, as evidenced by their execution thereof.
(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The Bonds shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

Section 9.02. CUSIP Registration.

The System may secure identification numbers through the CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds or any errors or omissions in the printing of such number shall be of no significance or effect in regard to the legality thereof and neither the System nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 9.03. Legal Opinion.

The approving legal opinion of Bond Counsel may be attached to or printed on the reverse side of each Bond.

Section 9.04. Insurance.

If it is determined that the purchase of bond insurance would result in savings to the System, the Authorized Officer is hereby authorized to approve the purchase of and payment of the premium for bond insurance by the System and the terms of commitment for such insurance, if any. All officials and representatives of the System are authorized and directed to execute such documents and to do any and all things necessary or desirable to obtain such insurance. A statement relating to the bond insurance obtained for the Bonds, if any, may be printed on or attached to each Bond.

ARTICLE X

DELEGATION OF AUTHORITY; SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 10.01. Sale of Bonds; Official Statement.

(a) The Bonds shall be sold to the Underwriter in accordance with the terms of this Eighth Supplement and the related Pricing Certificate. As authorized by Chapter 1207, the Authorized Officer is authorized to act on behalf of the System in selling and delivering the Bonds and in carrying out the other procedures specified in this Eighth Supplement, including determining whether the Bonds will be sold in a negotiated or competitive sale, the price at which each of the Bonds will be sold, the number and designation of each series or subseries of Bonds to be issued, the form in which the Bonds shall be issued, the years and dates on which the Bonds will mature, the principal amount to mature in each of such years, the aggregate
principal amount of the Bonds to be issued by the System, the rate of interest to be borne by each maturity of the Bonds, the Interest Payment Dates, the Record Dates, the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the System and shall be subject to mandatory redemption, the designation of the Refunded Obligations from the Schedule of Refunded Obligation Candidates, the selection of a paying agent/Registrar, escrow agent, verification agent and bond insurer, if any, the approval of the form of escrow agreement, if any, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Obligations, all of which shall be specified in the Pricing Certificate; subject to the following conditions:

(i) the price to be paid for the Bonds shall not be less than [90%] of the aggregate original principal amount of the Bonds plus accrued interest thereon from their date to their delivery;

(ii) the Bonds shall not bear interest at a rate greater than the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(iii) the aggregate principal amount of the Bonds authorized to be issued for the purposes described in Section 2.01 shall not exceed $[ ] and shall be in an amount sufficient, in combination with the net premium from the sale of the Bonds, plus other available funds of the System, if any, to provide for the refunding of the maximum amount of the Refunded Obligations to be selected from the Refunded Obligation Candidates and the costs and expenses of issuance of the Bonds, including underwriter’s discount;

(iv) the present value savings in debt service resulting from the refunding of the Refunded Obligations shall be at least [%] of the principal amount of the Refunded Obligations, as shown by a table of calculations prepared by the System’s financial advisor and attached to the Pricing Certificate; and

(v) no Bond shall mature more than forty years from the date of delivery thereof.

(b) The Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the System a Purchase Agreement providing for the sale of the Bonds to the Underwriter, in such form as determined by the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of the Purchase Agreement in accordance with the terms of the Pricing Certificate and this Eighth Supplement, which final terms shall be determined to be the most advantageous reasonably attainable by the System, such approval and determination being evidenced by its execution thereof by the Authorized Officer. All officers, agents and representatives of the System are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Initial Bond shall initially be registered in the name of the Underwriter or such other entity as may be specified in the Purchase Agreement.
(c) The authority granted to the Authorized Officer under Section 10.01(a) and Section 10.01(b) shall expire on a date 180 days from the date of this Eighth Supplement, unless otherwise extended by the System by separate action.

(d) The System hereby approves the form and content and distribution of the Preliminary Official Statement as presented to the Board, and the Preliminary Official Statement (with such addenda, supplements or amendments as may be approved by the Authorized Officer and the Underwriter) is deemed final within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934. The System hereby authorizes the preparation of a final Official Statement reflecting the terms of the Purchase Agreement, Pricing Certificate and other relevant information. The use of such final Official Statement by the Underwriter (with such appropriate variations as shall be approved by the Authorized Officer and the Underwriter) is hereby approved and authorized and the proper officials of the System are authorized to sign such Official Statement and deliver a certificate pertaining to such Official Statement, if necessary.

(e) The Authorized Officer and all other officers of the System are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, pay the costs of issuance of the Bonds, and effectuate the terms and provisions of this Eighth Supplement.

Section 10.02. Control and Delivery of Bonds.

(a) The Chair of the Board is hereby authorized to have control of the Initial Bonds and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to either the Underwriter or the Purchaser under and subject to the general supervision and direction of the Authorized Officer, against receipt by the System of all amounts due to the System under the terms of sale.

Section 10.03. Deposit of Proceeds; Transfer of Funds.

(a) All amounts received on the Closing Date as accrued interest on the Bonds from the Dated Date to the Closing Date shall be deposited to the Debt Service Fund.

(b) A portion of the proceeds from the sale of the Bonds, together with other funds of the System, if any, shall be applied as set forth in the Pricing Certificate to provide for the refunding of Refunded Obligations and to pay all costs and expenses arising in connection with the refunding of the Refunded Obligations. Any proceeds remaining after the accomplishment of such purposes, including interest earnings on the investment of such proceeds, shall be deposited to the Debt Service Fund.
ARTICLE XI

REDEMPTION AND DEFESANCE OF REFUNDED OBLIGATIONS

Section 11.01. Redemption and Defeasance of Refunded Obligations. The Refunded Obligations are hereby called for redemption and shall be redeemed on the redemption date set forth in the Pricing Certificate at a redemption price equal to the principal amount of the Refunded Obligations plus interest accrued thereon to the redemption date. The Secretary of the Board is hereby authorized and directed to cause a certified copy of this Eighth Supplement to be delivered to the paying agent/registrar for the Refunded Obligations (the “Refunded Obligations Paying Agent/Registrar”). Delivery of a certified copy of this Eighth Supplement to the Refunded Obligations Paying Agent/Registrar shall constitute the giving of notice of redemption thereto as required under the resolutions authorizing the issuance of the Refunded Obligations. The Refunded Obligations Paying Agent/Registrar is hereby authorized and directed to give notice to the registered owners of the Refunded Obligations at the time and in the manner required under the resolutions authorizing the issuance of the Refunded Obligations.

ARTICLE XII

DISCHARGE

Section 12.01. Discharge. The System reserves the right to defease, refund or discharge the Bonds in any manner now or hereafter permitted by law.

ARTICLE XIII

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 13.01. Payment of the Bonds.

On or before each date on which principal, premium, if any, or interest is due on the Bonds, there shall be made available to the Paying Agent/Registrar, out of the Debt Service Fund, money sufficient to pay such principal, premium, if any, or interest when due.

Section 13.02. Other Representations and Covenants.

(a) The System will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Eighth Supplement and in each Bond; the System will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the System will, at the times and in the manner prescribed by this Eighth Supplement, deposit or cause to be deposited the amounts of money specified by this Eighth Supplement.

(b) The System is duly authorized under the laws of the State to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been or will be duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the System in accordance with their terms.
ARTICLE XIV

AMENDMENT OF SUPPLEMENT

Section 14.01. Amendments Without Consent.

(a) This Eighth Supplement and the rights and obligations of the Board and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Parity Obligations, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Eighth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Eighth Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Eighth Supplement, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Eighth Supplement;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Parity Obligations;

(v) To make such changes, modifications or amendments as are permitted by Article XVI this Eighth Supplement;

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of credit agreements with respect to the Parity Obligations;

(vii) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of Outstanding Parity Obligations.

Notice of any such amendment may be, but is not required to be, published by the Board in the manner described in Section 14.03 below; provided, however, that the publication of such
notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

Section 14.02. Amendments With Consent.

(a) Subject to the other provisions of this Eighth Supplement, the owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Section 14.01 above, to this Eighth Supplement which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Eighth Supplement or in the Bonds so as to:

(i) Make any change in the maturity of the Outstanding Bonds;
(ii) Reduce the rate of interest borne by Outstanding Bonds;
(iii) Reduce the amount of the principal payable on Outstanding Bonds;
(iv) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
(v) Affect the rights of the owners of less than all Bonds then Outstanding; or
(vi) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

Section 14.03. Notice.

If at any time the Board shall desire to amend this Eighth Supplement for the purposes described in Section 14.02 above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Bonds. Such publication is not required with respect to amendments to this Eighth Supplement effected pursuant to the provisions of Section 14.01.

Section 14.04. Receipt of Consents.

Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in Outstanding Principal Amount of Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which
specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

Section 14.05. Effect of Amendments.

Upon the adoption by the Board of any resolution to amend this Eighth Supplement pursuant to the provisions of this Section, this Eighth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the Master Resolution and this Eighth Supplement, as amended.

Section 14.06. Consent Irrevocable.

Any consent given by any owner of Bonds pursuant to the provisions of this Article XIV shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Article XIV, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of a majority in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

Section 14.07. Ownership.

For the purpose of this Article XIV, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

ARTICLE XV

PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

Section 15.01. General Tax Covenants.

The System intends that the interest on the Bonds will be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150 of the Code and the applicable regulations promulgated thereunder (the “Regulations”). The System covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in the gross income, as defined in section 61 of the Code, of the holders thereof for purposes of federal income taxation. In particular, the System covenants and agrees to comply with each requirement of this Article XIII, provided, however, that the System will not be required to comply with any particular requirement of this Article XIII if the System has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that (i) such
noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) if the System has received a Counsel’s Opinion to the effect that compliance with some other requirement set forth in this Article XIII will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel’s Opinion will constitute compliance with the corresponding requirement specified in this Article.

Section 15.02.  **No Private Use or Payment and No Private Loan Financing.**

The System will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code and the Regulations. The System covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code and the Regulations.

Section 15.03.  **No Federal Guarantee.**

The System covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Regulations, except as permitted by section 149(b)(3) of the Code and the Regulations.

Section 15.04.  **Bonds are not Hedge Bonds.**

The System covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the Regulations.

Section 15.05.  **No-Arbitrage.**

The System covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the Regulations. The System will certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the System will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the Regulations.
Section 15.06. Arbitrage Rebate.

If the System does not qualify for an exception to the requirements of section 148(f) of the Code, the System will take all necessary steps to comply with the requirement that certain amounts earned by the System on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code) be rebated to the federal government. Specifically, the System will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the System allocable to other bond issue of the System or moneys which do not represent gross proceeds of any bonds of the System, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the System will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

Section 15.07. Information Reporting.

The System covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the Regulations.

Section 15.08. Record Retention.

The System will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Bonds until six years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the System to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

Section 15.09. Registration.

The Bonds will be issued in registered form.
Section 15.10.  Continuing Obligation.

Notwithstanding any other provision of this Eighth Supplement, the System’s obligations under the covenants and provisions of this Article will survive the defeasance and discharge of the Bonds.

ARTICLE XVI

CONTINUING DISCLOSURE UNDERTAKING

Section 16.01.  Annual Reports.

(a) The System will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB. The information to be updated includes certain updated financial information and operating data with respect to the System of the general type included in the final Official Statement in as further described in the Pricing Certificate. The System will update and provide this information within six (6) months of the end of the Fiscal Year ending in and after 2012. Financial statements so to be provided shall be prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded Fiscal Year, and, audited, if the System commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, the System shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for such Fiscal Year to the MSRB. Thereafter, when and if audited financial statements become available, the System shall provide such audited financial statements as required to the MSRB.

(b) If the System changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the System otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document, including an official statement or other offering document, if it is available from the MSRB, that theretofore has been provided to the MSRB or filed with the SEC.

Section 16.02.  Material Event Notices.

(a) The System shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) Modifications to rights of the holders of the Bonds, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the System;¹
(13) The consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

(b) The System shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the System to provide required annual financial information and notices of material events in accordance with Section 11.01 and section (a) above. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

¹ Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the System in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the System, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the System.
Section 16.03. Limitations, Disclaimers and Amendments.

(a) The System shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the System remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the System in any event will give notice of any bond calls and any defeasances that cause the System to be no longer an “obligated person”.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The System undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the System’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The System does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE SYSTEM BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE SYSTEM, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the System in observing or performing its obligations under this Article shall constitute a breach of or default under the Seventh Supplement for purposes of any other provisions of this Eighth Supplement.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the System under federal and state securities laws.

(e) The provisions of this Article may be amended by the System from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the System, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Eighth Supplement that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (B) an entity or individual person that is unaffiliated with the System (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of this Article
may also be amended from time to time or repealed by the System if the SEC amends or repeals
the applicable provisions of the Rule or a court of final jurisdiction determines that such
provisions are invalid, but only if and to the extent that reservation of the System’s right to do so
would not prevent underwriters of the initial public offering of the Bonds from lawfully
purchasing or selling Bonds in such offering. If the System so amends the provisions of this
Article, it shall include with any amended financial information or operating data next provided
in accordance with Section 16.01 an explanation, in narrative form, of the reasons for the
amendment and of the impact of any change in the type of financial information or operating
data so provided.

ARTICLE XVII

MISCELLANEOUS

Section 17.01. Eighth Supplement to Constitute a Contract; Equal Security.

In consideration of the acceptance of the Bonds, the issuance of which is authorized
hereunder, by those who shall hold the same from time to time, this Eighth Supplement shall be
deemed to be and shall constitute a contract between the System and the Owners from time to
time of the Bonds and the pledge made in this Eighth Supplement by the Board and the
covenants and agreements set forth in this Eighth Supplement to be performed by the Board shall
be for the equal and proportionate benefit, security, and protection of all Owners, without
preference, priority, or distinction as to security or otherwise of any of the Bonds authorized
hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or
otherwise for any cause whatsoever, except as expressly provided in or permitted by this Eighth
Supplement.

Section 17.02. Limitation of Benefits with Respect to the Eighth Supplement.

With the exception of the rights or benefits herein expressly conferred, nothing expressed
or contained herein or implied from the provisions of this Eighth Supplement or the Bonds is
intended or should be construed to confer upon or give to any person other than the Board, the
Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or
by reason of or in respect to this Eighth Supplement or any covenant, condition, stipulation,
promise, agreement, or provision herein contained. This Eighth Supplement and all of the
covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to
be and shall be for and inure to the sole and exclusive benefit of the Board, the Owners, and the
Paying Agent/Registrar as herein and therein provided.

Section 17.03. Changes to Eighth Supplement.

Bond Counsel is hereby authorized to make changes to the terms of this Eighth
Supplement if necessary or desirable to carry out the purposes hereof or in connection with the
approval of the issuance of the Bonds by the Attorney General of Texas.
Section 17.04. **Severability and Savings.**

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

Section 17.05. **Related Matters.**

To satisfy in a timely manner all of the System’s obligations under this Eighth Supplement, the Chair and Secretary of the Board, the Chancellor and Vice Chancellor, Administration and Finance/CFO of the System, and all other appropriate officers and agents of the System are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Eighth Supplement.

Section 17.06. **Individuals Not Liable.**

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board or agent or employee of the Board or of the System in his or her individual capacity and neither the members of the Board nor any officer thereof, nor any agent or employee of the Board or of the System, shall be liable personally on the Bonds, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 17.07. **Repealer.**

All orders or resolutions, or parts thereof, heretofore adopted by the System and inconsistent with the provisions of this Eighth Supplement are hereby repealed to the extent of such conflict.

Section 17.08. **Force and Effect.**

This Eighth Supplement shall be in full force and effect from and after its final passage, and it is so ordained.

*Execution Page Follows*
PASSED, APPROVED AND EFFECTIVE on March [8], 2012.

LONE STAR COLLEGE SYSTEM

By: ____________________________
Name: Chair, Board of Trustees

Secretary, Board of Trustees
Lone Star College System

[SEAL]
SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATION CANDIDATES

[to come]
EXHIBIT A
FORM OF PRICING CERTIFICATE

Re: Lone Star College System Revenue Financing System Refunding Bonds, Series 2012 (the “Bonds”)

I, the undersigned officer of Lone Star College System (the “System”), do hereby make and execute this Pricing Certificate pursuant to a resolution adopted by the Board of Trustees of the System on March 8, 2012 on June 6, 2011 (the “Eighth Supplement”) captioned as follows:

EIGHTH SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF LONE STAR COLLEGE SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2012; PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR AND/OR VICE CHANCELLOR FOR ADMINISTRATION AND FINANCE/CFO TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, AND CERTAIN OTHER TERMS THEREOF; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AND A PAYING AGENT/REGISTRAR AGREEMENT RELATING TO SUCH BONDS; APPROVING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

authorizing the issuance of the referenced Bonds. Capitalized terms used in this Pricing Certificate shall have the meanings given such terms in the Eighth Supplement.

A. As authorized by Section 10.01 of the Eighth Supplement, I have acted on behalf of the System in selling the Bonds to __________ (the “Underwriter”) pursuant to the terms of the Purchase Agreement dated as of the date hereof. The Bonds shall have the terms set forth in this Pricing Certificate.

B. The Bonds shall have a Dated Date of _______, 2012, and shall be issued in the aggregate principal amount of $_______, for the purposes specified in Section 2.01 in the Eighth Supplement. The Bonds shall be issued as (i) $_______ original principal amount of Capital Appreciation Bonds, and (ii) $_______ principal amount of Current Interest Bonds.

C. Interest on the Current Interest Bonds shall accrue from the [Dated/Closing] Date and is payable on each _______ and _______, commencing _______ , 20__, until stated maturity or prior redemption thereof. The Current Interest Bonds shall mature on _______ in each of the years, in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:
Current Interest Bonds

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount $</th>
<th>Interest Rate %</th>
<th>Year</th>
<th>Principal Amount $</th>
<th>Interest Rate %</th>
</tr>
</thead>
</table>

D. The Capital Appreciation Bonds shall be issued in the Original Principal Amounts, shall mature on ______ in each of the years, in the Maturity Amounts and shall bear interest at the respective compounding rates which produce the approximate Yield to Maturity all as set forth in the following schedule:

Capital Appreciation Bonds

<table>
<thead>
<tr>
<th>Year</th>
<th>Original Principal Amount $</th>
<th>Yield to Maturity %</th>
<th>Maturity Amount $</th>
</tr>
</thead>
</table>

E. Interest accretes on the Capital Appreciation Bonds from the Closing Date, will compound semiannually on ______ and ______ of each year (each an “Accretion Date”), commencing ______, and will be payable only as part of the Maturity Amount on the respective Stated Maturity date therefor.

F. The Current Interest Bonds shall be substantially in the form set forth in Exhibit A hereto with such insertions, changes and modifications as are required to conform the bond form to the terms of this Pricing Certificate.

G. The Current Interest Bonds are subject to optional and/or mandatory redemption as set forth in Exhibit A.

H. The Capital Appreciation Bonds shall be substantially in the form set forth in Exhibit B hereto with such insertions, changes and modifications as required to conform the bond form to the terms of this Pricing Certificate.

I. The Capital Appreciation Bonds are not subject to redemption prior to Stated Maturity.

J. The yield on the Bonds as calculated for federal arbitrage purposes is approximately ______%, as determined by the System’s financial advisor, RBC Capital Markets LLC.
K. The Refunded Obligation Candidates to be refunded with a portion of the proceeds of the Bonds are set forth in Schedule I hereto. The Refunded Obligations are hereby called for redemption on redemption dates specified in Schedule I. The Refunded Obligations shall be redeemed at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date therefor.

L. In accordance with Section 10.01 of the Eighth Supplement, the refunding of the Refunded Obligations results in a debt service savings of approximately $_______. A copy of the table provided by the System’s financial advisor, RBC Capital Markets LLC, and showing the debt service savings is attached hereto as Exhibit C.

J. In accordance with the other parameters contained in Section 10.01 of the Eighth Supplement, the undersigned does hereby find, certify and represent that the foregoing terms of the Bonds satisfy the following requirements and parameters contained within such Section 7.01:

(i) the price to be paid for the Bonds is not less than [90%] of the aggregate original principal amount of the Bonds plus accrued interest thereon from their date to their delivery;

(ii) the Bonds do not bear interest at a rate greater than the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(iii) the aggregate principal amount of the Bonds authorized to be issued for the purposes described in Section 2.01 of the Eighth Supplement does not exceed $______ and is in an amount sufficient, in combination with the net premium from the sale of the Bonds, plus other available funds of the System, if any, to provide for the refunding of the maximum amount of the Refunded Obligations selected from the Refunded Obligation Candidates and the costs and expenses of issuance of the Bonds, including underwriter’s discount;

(iv) the debt service savings produced by the refunding of the Refunded Obligations is $______, which is greater than $_______ of the principal amount of the Refunded Obligations.

(iv) no Bond shall mature more than forty years from the date of delivery thereof.

K. The proceeds of the Bonds and other available funds shall be applied as follows:

(i) The amount of $______, consisting of $______ principal amount of Bond proceeds, plus $______ net premium received from the sale of the Bonds, [plus $______ which shall be transferred from the Debt Service Fund for the Refunded Obligations,] shall be deposited to the Escrow Fund in the form of
cash or securities purchased with such proceeds and used to pay the redemption price of the Refunded Obligations;

(ii) Net premium received from the sale of the Bonds in the amount of $_______ shall be used to pay the costs of issuance.

(iii) Net premium received from the sale of the Bonds in the amount of $_______ shall be used to pay the underwriter’s discount.

(iv) Accrued interest on the Bonds in the amount of $_______ shall be deposited to the Debt Service Fund for the Bonds;

(v) Any amounts remaining shall be deposited to the Debt Service Fund.

L. ____________ is hereby designated as the Paying Agent/Registrar with its Designated Payment/Transfer Office in _______, Texas.

M. [Insurance provisions]

N. The System will provide certain updated financial information and operating data to the MSRB as set forth in Section 16.01 of the Eighth Supplement. The information to be updated includes certain updated financial information and operating data with respect to the System of the general type included in the final Official Statement in Tables ________ and in Appendix _____.

O. The form of Pricing Certificate attached to the Eighth Supplement shall be replaced with this Pricing Certificate.

[Signature Page Follows]
This Pricing Certificate for the Lone Star College System Revenue Financing System Refunding Bonds, Series 2011, is executed on the ____ day of ________, 2011.

Authorized Officer
Lone Star College System
Schedule I

SCHEDULE OF REFUNDED OBLIGATIONS

[to come]
Exhibit A

FORM OF CURRENT INTEREST BOND

(a) Form of Current Interest Bond.

REGISTERED No. ________

REGISTERED $__________

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF HARRIS, MONTGOMERY AND SAN JACINTO

LONE STAR COLLEGE SYSTEM
REVENUE FINANCING SYSTEM REFUNDING BONDS
SERIES 2012

INTEREST RATE: MATURE DATE: DATED DATE: CUSIP NO.: 

_________________ _______________ _______________ _______________

REGISTERED OWNER: __________________________

PRINCIPAL AMOUNT: __________________________

Lone Star Community College System (the “Issuer”), a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner, specified above, or the registered assignee hereof (either being hereinafter called the “registered owner”) the principal amount, specified above, and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Dated Date, specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate shown above. Interest is payable on ______, 20__, and semiannually on each ______ and ______ thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

The principal of and interest on this Bond are payable in lawful money of the United States of America, without exchange or collection charges, solely from funds of the Issuer required by the resolution authorizing the issuance of the Bonds to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the Designated Payment/Transfer Office of ____________, ______, Texas, or such other location designated by Paying Agent/Registrar for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check,
dated as of such interest payment date, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appears on the last business day of the month next preceding each such date (the “Record Date”) on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the “Debt Service Fund” created for the benefit of all of the Issuer’s Parity Obligations, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Issuer and the securities depository.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond, one of a series of fully registered bonds specified in the title hereof, dated as of _______, 20__, and issued in the aggregate principal amount of $_______, [in part as (i) $_______ original principal amount of Capital Appreciation Bonds, which pay interest only at maturity, and (ii) $_______ principal amount of Current Interest Bonds, which pay interest semiannually until maturity or earlier redemption,]¹ is authorized in accordance with the Constitution and laws of the State of Texas in and issued pursuant to an Eighth Supplemental Resolution adopted by the Board of Trustees of the System on August __, 2011 and the Master Resolution referred to therein (collectively, the “Bond Resolution”) and a pricing certificate executed pursuant to the Bond Resolution (the “Pricing Certificate,” and together with the Bond Resolution, the “Resolution”), for the purpose of refunding certain Outstanding Parity Obligations of the System and paying the costs of issuing the Bonds. [This Bond is a Current Interest Bond.]² Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

¹Delete if Capital Appreciation Bonds are not issued.
²Delete if Capital Appreciation Bonds are not issued.
date of redemption. If less than all of the Bonds are to be redeemed, the Issuer shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption. The Bonds are not subject to optional redemption prior to maturity.]

[The Bonds maturing in the years ____ and ____ (the “Term Bonds”) are subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

**TERM BOND MATURING IN THE YEAR 20__**

<table>
<thead>
<tr>
<th>Mandatory Redemption Dates</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>____</td>
<td>$____</td>
</tr>
<tr>
<td>(maturity)</td>
<td>$____</td>
</tr>
</tbody>
</table>

**TERM BOND MATURING IN THE YEAR 20__**

<table>
<thead>
<tr>
<th>Mandatory Redemption Dates</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>____</td>
<td>$____</td>
</tr>
<tr>
<td>(maturity)</td>
<td>$____</td>
</tr>
</tbody>
</table>

The particular Term Bonds to be redeemed shall be selected by the Registrar by lot or other customary random selection method, on or before ______ of each year in which Term Bonds are to be mandatorily redeemed. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of such Term Bonds that have been purchased and canceled by the District or have been optionally redeemed and which have not been made the basis for a previous reduction.]

Principal amounts may be redeemed only in integral multiples of $5,000. If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided herein shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar.
for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds provided for redemption, and the rights of the owners to collect interest which would otherwise accrue after the redemption date on the principal amounts called for redemption shall terminate on the date fixed for redemption.

In the Resolution, the Issuer reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the System retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the System delivers a certificate of the System to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bond subject to conditional redemption for which such redemption has been rescinded shall remain outstanding.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the System in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

This Bond or any portion of portions hereof in any authorized denomination may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar’s fees and charges, if any, for making such transfer or exchange, but the one requesting such transfer or exchange shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

All Bonds of this series are issuable solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of $5,000.

In the event any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.
It is hereby certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that the series of Bonds of which this Bond is one constitute Parity Obligations under the Bond Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this series are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, as defined in the Bond Resolution, on a parity with the Issuer’s outstanding Parity Obligations.

The Issuer has reserved the right, subject to the restrictions in the Bond Resolution, (i) to issue additional Parity Obligations which also may be secured by and made payable from a lien on and pledge of the Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

The registered owner hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than the Pledged Revenues.

By becoming the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Issuer and countersigned with the manual or facsimile signature of the Assistant Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

____________________________________  ________________________________
Secretary, Board of Trusteesilling of Trustees
Lone Star College System Lone Star College System

[SEAL]
(b) Form of Certificate of Paying Agent/Registrar.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Bonds referred to in the within mentioned Resolution. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

[__________________________________]
as Paying Agent/Registrar

Date: _____________________ By:
Authorized Signatory

(c) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee):

(Social Security or other identifying number: ____________________) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____________ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____________________
Signature Guaranteed By:

___________________________________
Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(d) Initial Current Interest Bond Insertions.

(i) The Initial Current Interest Bond shall be in the form set forth in paragraphs (a) and (c) of this Section, except that, in the event there is more than one maturity of Bonds:

(A) immediately under the name of the Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As Shown Below” and “CUSIP NO. _________” deleted;

(B) in the first paragraph of the Bond, the words “to the Maturity Date specified above” and “at the interest rate shown above” shall be deleted and the
following shall be inserted a the end of the first sentence “…, with such principal to be paid in installments on _______ in each of the years and in the principal amounts identified in the following schedule and with such installments being interest at the per annum rates set forth in the following schedule:”

(Information to be inserted from the Pricing Certificate); and

(C) the Initial Current Interest Bond shall be numbered ICI-1.

(ii) The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond for the Current Interest Bonds:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO.
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this ________________.

[SEAL]
Comptroller of Public Accounts
of the State of Texas
Exhibit B

FORM OF CAPITAL APPRECIATION BOND

(a) Form of Capital Appreciation Bond.

REGISTERED NO. _______

REGISTERED MATURITY AMOUNT $__________

United States of America
State of Texas
Counties of Harris, Montgomery and San Jacinto

LONE STAR COLLEGE SYSTEM
REVENUE FINANCING SYSTEM REFUNDING BONDS
SERIES 2012

MATURE DATE: __________
ISSUANCE DATE: __________
CUSIP NUMBER: __________

REGISTERED OWNER: ________________________
MATURITY AMOUNT: ________________________

Lone Star College System (the “System”), a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or the registered assignee hereof (either being hereinafter called the “registered owner”), on the maturity date specified above, upon presentation and surrender of this Bond at the Designated Payment Transfer Office of __________, _______, Texas, or such other location designated by Paying Agent/Registrar for this Bond, the Maturity Amount identified above, representing the principal amount hereof and accrued and compounded interest hereon (both as shown in the table attached to this Bond), in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America. The date of this Bond ________, 2012, but interest shall accrue on the principal amount hereof from the Issuance Date at the per annum rate specified on the Table of Accreted Values attached hereto. The Accreted Value (per $5,000 of Maturity Amount) of this Bond, as of the Issuance Date and as of each _______ and _______ is set forth in the Table of Accreted Values attached hereto. Such value as of any other date shall be determined by straight-line interpolation between such values.

This Bond, one of a series of fully registered bonds specified in the title hereof, dated as of ______, 20____, and issued in the aggregate principal amount of $_______, in part as (i) $_______ original principal amount of Capital Appreciation Bonds, which pay interest only at maturity, and (ii) $_______ principal amount of Current Interest Bonds, which pay interest semiannually until maturity or earlier redemption, is authorized in accordance with the Constitution and laws of the State of Texas in and issued pursuant to an Eighth Supplemental
Resolution adopted by the Board of Trustees of the System on August __, 2012 and the Master Resolution referred to therein (collectively, the “Bond Resolution”) and a pricing certificate executed pursuant to the Bond Resolution (the “Pricing Certificate,” and together with the Bond Resolution, the “Resolution”), for the purpose of refunding certain Outstanding Parity Obligations of the System and paying the costs of issuing the Bonds. This Bond is a Capital Appreciation Bond. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

[The Issuer has reserved the option to redeem the Bonds maturing on and after _______, in whole or in part before their respective scheduled maturity dates, on _______, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Issuer shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption / The Bonds are not subject to optional redemption prior to maturity.]

[The Bonds maturing in the years ____ and ____ (the “Term Bonds”) are subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

TERM BOND MATURING IN THE YEAR 20__

<table>
<thead>
<tr>
<th>Mandatory Redemption Dates</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>_______ (maturity)</td>
<td>$_______</td>
</tr>
<tr>
<td>_______ (maturity)</td>
<td>$_______</td>
</tr>
</tbody>
</table>

TERM BOND MATURING IN THE YEAR 20__

<table>
<thead>
<tr>
<th>Mandatory Redemption Dates</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>_______ (maturity)</td>
<td>$_______</td>
</tr>
<tr>
<td>_______ (maturity)</td>
<td>$_______</td>
</tr>
</tbody>
</table>

The particular Term Bonds to be redeemed shall be selected by the Registrar by lot or other customary random selection method, on or before _______ of each year in which Term Bonds are to be mandatorily redeemed. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of such Term Bonds that have been purchased and canceled by the District or have been optionally redeemed and which have not been made the basis for a previous reduction.]

Principal amounts may be redeemed only in integral multiples of $5,000. If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, shall authenticate and deliver in exchange therefor a Bond or
Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided herein shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds provided for redemption, and the rights of the owners to collect interest which would otherwise accrue after the redemption date on the principal amounts called for redemption shall terminate on the date fixed for redemption.

In the Resolution, the Issuer reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the System retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the System delivers a certificate of the System to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bond subject to conditional redemption for which such redemption has been rescinded shall remain outstanding.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the System in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

This Bond or any portion of portions hereof in any authorized denomination may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar’s fees and charges, if any, for making such transfer or exchange, but the one requesting such transfer or exchange shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of this Bond shall be deemed and treated by the Issuer and the
Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

All Bonds of this series are issuable solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of $5,000.

In the event any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

It is hereby certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that the series of Bonds of which this Bond is one constitute Parity Obligations under the Bond Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this series are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, as defined in the Bond Resolution, on a parity with the Issuer’s outstanding Parity Obligations.

The Issuer has reserved the right, subject to the restrictions in the Bond Resolution, (i) to issue additional Parity Obligations which also may be secured by and made payable from a lien on and pledge of the Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

The registered owner hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than the Pledged Revenues.

By becoming the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.
IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Issuer and countersigned with the manual or facsimile signature of the Assistant Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

______________________________
Secretary, Board of Trustees
Lone Star College System

______________________________
Chair, Board of Trustees
Lone Star College System

(b) Form of Certificate of Paying Agent/Registrar.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Bonds referred to in the within mentioned Resolution. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

[__________________________________]
as Paying Agent/Registrar

Date: _________________________ By: ______________________________
Authorized Signatory

(c) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee):

(Social Security or other identifying number: ____________________) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints ____________________ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _________________________
Signature Guaranteed By:

______________________________
Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.
(d) **Table of Accreted Values**

The Accreted Values of the Capital Appreciation Bonds set forth below shall be printed on the reverse side of, or attached to, each of the Capital Appreciation Bonds, including the Initial Capital Appreciation Bond.

**TABLE OF ACCRETED VALUES**

The Accreted Value, initial offering price, and principal amount (all per $5,000 of Maturity Amount), together with the interest rate and yield to maturity are as follows. Accreted values are calculated based on the initial offering price and yield to maturity and, except at maturity, do not equal principal amount plus accrued interest.

<table>
<thead>
<tr>
<th>Maturity (_______)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Principal Amount</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Payment at Maturity</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

The Accreted Value per $5,000 of Maturity Amount of the Capital Appreciation Bonds is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Value of Maturity</th>
<th>Value of Maturity</th>
<th>Value of Maturity</th>
<th>Value of Maturity</th>
<th>Value of Maturity</th>
</tr>
</thead>
</table>

(e) **Initial Capital Appreciation Bond Insertions.**

(i) The Initial Capital Appreciation Bond shall be in the form set forth in paragraphs (a), (c) and (d) of this Section, except for the following alterations:

(A) immediately under the name of the Bond, the heading “MATURITY DATE” shall be completed with the words “As Shown Below” and the word “CUSIP NO. __________” deleted;

(B) in the first paragraph of the Capital Appreciation Bond, the words “on the maturity date specified above” shall be deleted, and the words “the Maturity Amount identified above” shall be replaced with “the Maturity Amounts shown in the schedule below:”.

(Information to be inserted from the Pricing Certificate); and
(C) the Initial Capital Appreciation Bond Shall be numbered ICA-1.

(ii) The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond for the Capital Appreciation Bonds:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO.
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this ________________.

[SEAL] _________________________________________________________________________
Comptroller of Public Accounts
of the State of Texas
EXHIBIT C

SCHEDULE OF SAVINGS
Request: AN ORDER AUTHORIZING THE ISSUANCE OF LONE STAR COLLEGE SYSTEM LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE CHANCELLOR AND/OR VICE CHANCELLOR FOR ADMINISTRATION AND FINANCE/CHIEF FINANCIAL OFFICER TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE AND CERTAIN OTHER TERMS THEREOF; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AND A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH BONDS; APPROVING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

Chancellor’s Recommendation: That the Board of Trustees approve the resolution for the refunding of approximately $23,030,000 Limited Tax General Obligation Refunding and Building Bonds, Series 2002 and Series 2003

Rationale: The Administration has determined it is favorable to the System to refund the Series 2002 and Series 2003 Bonds that are callable. Present Value savings of the refunding is 10.3% or $2,366,452 over the current bond maturities. This resolution will allow the Chancellor or Vice Chancellor of Administration & Finance / CFO to sell the bonds based on favorable market conditions.

Fiscal Impact: The current bond tax rate of $.0335/$100 taxable value will support the debt service requirements of this bond refunding issue.

Staff Resource: Cindy Gilliam 832-813-6512
RESOLUTION AUTHORIZING THE ISSUANCE OF LONE STAR COLLEGE SYSTEM LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS; AUTHORIZING THE CHANCELLOR AND/OR VICE CHANCELLOR FOR ADMINISTRATION AND FINANCE/CHIEF FINANCIAL OFFICER TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, AND CERTAIN OTHER TERMS THEREOF AND PROCEDURES AND PROVISIONS RELATED THERETO;

THE STATE OF TEXAS §
COUNTIES OF HARRIS, MONTGOMERY AND SAN JACINTO §
LONE STAR COLLEGE SYSTEM §

WHEREAS, Lone Star College System (the “System”) has heretofore issued its [ ], (the “Series [ ] Bonds”); and

WHEREAS, the System desires to refund a portion of the outstanding Series [ ] Bonds (the “Refunded Bonds”) in advance of their maturities; and

WHEREAS, Chapter 1207, Texas Government Code, as amended (the “Act”) authorizes the System to issue refunding bonds payable from taxes, without an election, for the purpose of refunding the Refunded Bonds in advance of their maturities, and to accomplish such refunding by depositing directly with any paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the Act further authorizes the System to delegate the authority to effect the sale of the Bonds to the Chancellor and/or Vice Chancellor for Administration and Finance/Chief Financial Officer; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; Now, therefore

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF LONE STAR COLLEGE SYSTEM:

1. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.
It is hereby found and determined that the refunding contemplated in this Resolution will benefit the System by providing a [present value savings in the debt service payable by the System,] that such benefit is sufficient consideration for the refunding of the Refunded Bonds, and that the issuance of the refunding bonds is in the best interests of the System.

2. **Definitions.** Throughout this Resolution the following terms and expressions as used herein shall have the meanings set forth below:

- “Act” means Chapter 1207, Texas Government Code, as amended.
- “Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the System, the Registrar and DTC.
- “Board” means the Board of Trustees of the System.
- “Bond” or “Bonds” means any or all, as the case may be, of the Lone Star College System Limited Tax General Obligation Refunding Bonds, Series 2012 authorized in this Resolution.
- “Business Day” means any day which is not a Saturday, Sunday, a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, or a legal holiday.
- “Chancellor” means Richard Carpenter, or his successor.
- “Closing Date” means the date of the initial delivery of and payment for the Bonds.
- “Comptroller” means the Comptroller of Public Accounts of the State of Texas.
- “DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.
- “DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.
- “Initial Bond” means the Initial Bond authorized by Section 7(d).
- “Interest and Sinking Fund” means the interest and sinking fund for payment of the Bonds established by the System in Section 21.
- “Interest Payment Date”, when used in connection with any Bond, means the semi-annual payment dates, until maturity or earlier redemption, commencing on the initial interest payment date as set forth in the Pricing Certificate.
“Pricing Certificate” means a certificate signed by the Pricing Officers containing the information regarding the Bonds, pursuant to Section 5.

“Owner” means any person who shall be the registered owner of an outstanding Bond.

“Paying Agent/Registrar” means [Wells Fargo Bank, National Association], and its successors in that capacity.

“Pricing Officers” mean the Chancellor and/or Vice Chancellor for Administration and Finance/Chief Financial Officer of the System.

“Purchase Agent” means the Purchase Agent, dated of even date as the Pricing Certificate, between the System and the Underwriter described in Section 24.

“Record Date” means, for any Interest Payment Date, the last Business Day of the month next preceding each Interest Payment Date.

“Refunded Bonds” means all or a portion of the System’s [ ], dated [ ], in the aggregate principal amount of [$ ], maturing on February 15 in each of the years [ ] through [ ] inclusive.

“Register” means the books of registration kept by the Paying Agent/Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bond registered to, each Owner.

“Resolution” means this resolution authorizing the Bonds.

“System” means the Lone Star College System.

“Underwriter” means one or more underwriters as shall be designated in the Pricing Certificate.

“Vice Chancellor for Administration and Finance/Chief Financial Officer” means Cynthia Gilliam, CPA, or her successor.

3. **Authorization.** The Bonds shall be issued in fully registered form, without coupons, in a maximum principal amount not to exceed [$ ] pursuant to the Act, for the purpose of refunding the Refunded Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1207, Texas Government Code.

4. **Designation, Date, Interest Rates, and Maturities.** The Bonds shall be designated and dated by the Pricing Officers as set out in the Pricing Certificate.

5. **Initial Bond; Numbers and Denominations.** The Bonds shall mature on the dates in each of the years and in the amounts set out in the Pricing Certificate, shall be subject to prior optional
and mandatory redemption on the dates, for the redemption prices and in the amounts, if any, set out in the Pricing Certificate and shall bear interest from their issue date at rates set out in the Pricing Certificate payable on each Interest Payment Date. The Initial Bond shall be numbered I-1 and all other Bonds shall be numbered in sequence beginning with R-1. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in the denomination of $5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

6. **Selling and Delivering Bonds.** As authorized by Section 1207.007, Texas Government Code, as amended, the Pricing Officers are hereby authorized to act on behalf of the System in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including without limitation determining the price at which the Bonds will be sold, the issuance date for the Bonds, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, and all other matters not expressly provided in this Resolution, relating to the issuance, sale and delivery of the Bonds, and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; provided that:

(i) the price to be paid for the Bonds shall not be less than [90%] of the aggregate original principal amount of the bonds;

(ii) none of the Bonds shall bear interest at a rate in excess of the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(iii) the proceeds from the sale of the Bonds, along with any available funds of the System to be used in the refunding, must be sufficient to provide, after all original issue discount and underwriters’ discount, amounts necessary to fund the costs and expenses of refunding the Refunded Bonds and the estimated costs of issuance of the Bonds; and

(iv) the refunding will provide a [net present value savings] in debt service payable by the System, as shown by a table of calculations prepared by the System’s financial advisor and attached to the Pricing Certificate.

7. **Execution and Registration of Bonds; Seal.** *(a)* The Bonds shall be signed by the Chair of the Board and countersigned by the Secretary of the Board, by their manual, lithographed, or facsimile signatures, and the official seal of the System shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the System had been manually impressed upon each of the Bonds.

    *(b)* If any officer of the System whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the
delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Paying Agent/Registrar’s Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. In lieu of the executed Paying Agent/Registrar’s Authentication Certificate described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller’s Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his or her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the System, and has been registered by the Comptroller.

(d) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable to the Underwriter or its designee, executed by manual or facsimile signature of the Chair and Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriter or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver definitive Bonds to DTC.

8. Payment of Principal and Interest. The Paying Agent/Registrar is hereby appointed as the paying agent and registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the operations office of the Paying Agent/Registrar in Minneapolis, Minnesota. The interest on the Bonds shall be payable by check on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or any alternative manner as the Paying Agent/Registrar and the Owners shall agree so long as any additional costs and expenses are borne by the Owners.

If the date for payment of the principal or interest on the Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date such payment was originally due.

9. Successor Paying Agent/Registrars. The System covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state and authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. The System reserves the right to change the Paying Agent/Registrar for the Bonds on not less than 30 days written notice to the Paying Agent/Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the
Register or copies thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

10. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the System. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

11. Book-Entry Only System. (a) The Initial Bond shall be registered in the name of the representative of the Underwriters(s), as named in the Purchase Contract. Except as provided in Section 9 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the System and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the System and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the System and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the System’s obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the System to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest
checks being mailed to the Owner of record as of the Record Date, the phrase “Cede & Co.” in this Resolution shall refer to such new nominee of DTC.

12. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the System in its sole discretion, determines that the beneficial owners of the Bonds be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the System shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

13. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

14. Ownership; Unclaimed Principal and Interest. The System, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Owner of such Bond for the purpose of making and receiving payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the System nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of the Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the System and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Paying Agent/Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

15. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its operations office in Minneapolis, Minnesota, and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution.
Each Bond shall be transferable only upon the presentation and surrender thereof at the operations office of the Paying Agent/Registrar in Minneapolis, Minnesota, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender at the operations office of the Paying Agent/Registrar in Minneapolis, Minnesota, for a bond or bonds of like maturity and interest rate and in an authorized denomination, in an aggregate amount equal to the unpaid principal amount of the bond or bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond in lieu of which such bond is delivered.

The System or the Paying Agent/Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the System.

16. Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the System, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The System or the Paying Agent/Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar. The System or the Paying Agent/Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

(1) furnish to the System and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
(2) furnish such security or indemnity as may be required by the Paying Agent/Registrar and the System to save them harmless;

(3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and

(4) meet any other reasonable requirements of the System and the Paying Agent/Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the System and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the System or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the System in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

17. Cancellation of Bonds. The Bonds paid in accordance with this Resolution, and any Bond in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Paying Agent/Registrar shall furnish the System with appropriate certificates of destruction of such Bonds.

18. Defeasance. The Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

19. Forms. The form of the Bond, including the form of the Paying Agent/Registrar’s Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller, which shall be attached or affixed to the Bond initially issued, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be required by the Pricing Certificate, necessary or desirable and not prohibited by this Resolution:
(a) Form of Bond.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTRIES OF HARRIS AND MONTGOMERY

NUMBER

DENOMINATION $_________________________

LONE STAR COLLEGE SYSTEM
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
SERIES 2012

INTEREST RATE: MATURITY DATE ISSUE DATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

LONE STAR COLLEGE SYSTEM (the “System”) promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at [Wells Fargo Bank, National Association] (the “Paying Agent/Registrar”), at its operations office in __________, __________, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of the Issuance Date of the Bond, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on February 15 and August 15, beginning on August 15, 2012, mailed to the registered owner as shown on the books of registration kept by the Paying Agent/Registrar as of the last business day of the month next preceding each interest payment date.

THIS BOND is one of a duly authorized issue of Bonds dated as of __________, aggregating $__________ (the “Bonds”), issued for the purpose of refunding a portion of the System’s outstanding obligations, pursuant to the Resolution adopted by the Board of Trustees of the System (the “Resolution”), which Resolution is of record in the official minutes of the System.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the operations office of the Paying Agent/Registrar in Minneapolis, Minnesota, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Resolution.

__________________________

1 Insert from Pricing Certificate.
THIS BOND IS EXCHANGEABLE at the operations office of the Paying Agent/Registrar in Minneapolis, Minnesota, for Bonds in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE SYSTEM has covenanted in the Resolution that it will at all times provide a legally qualified Paying Agent/Registrar for the Bonds and will cause notice of any change of Paying Agent/Registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, within the limits prescribed by law, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the System and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chair of the Board and countersigned with the manual or facsimile signature of the Secretary of the Board, and the official seal of the System has been duly impressed, or placed in facsimile, on this Bond.

Chair, Board of Trustees
Lone Star College System

Secretary, Board of Trustees
Lone Star College System
(b) **Form of Registration Certificate of Comptroller of Public Accounts.**

**COMPTROLLER’S REGISTRATION CERTIFICATE**

REGISTER NO. ________

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this ______________________________.

______________________________________________________________
Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) **Form of Paying Agent/Registrar’s Authentication Certificate.**

**AUTHENTICATION CERTIFICATE**

It is hereby certified that this Bond has been delivered pursuant to the Resolution described in the text of this Bond.

[______________________]

By: ____________________________
Authorized Signature
Date of Authentication: _________
(d) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

______________________________________________________________________________

(Please print or type name, address, and zip code of Transferee)

______________________________________________________________________________

(Please insert Social Security or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:____________________________

Signature Guaranteed:____________________________

Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond every particular, without any alteration, enlargement or change whatsoever.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As Shown Below” and the word “CUSIP” deleted;

(ii) in the first paragraph of the Bond, the words “on the maturity date specified above” and “at the rate shown above” shall be deleted and the following shall be inserted at the end of the first sentence “..., with such principal to be paid in installments on [_____________] in the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:

[Information to be inserted from schedule in the Pricing Certificate]

(iii) the Initial Bond shall be numbered I-1.

20. CUSIP Numbers. CUSIP Numbers may be printed on the Bonds, but errors or omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Bonds.
21. **Interest and Sinking Fund; Tax Levy.** A special fund, to be designated as “Lone Star College System Limited Tax General Obligation Refunding Bonds, Series 2012, Interest And Sinking Fund,” is hereby created, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds shall be credited to such fund. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, an annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the System, at a rate each year sufficient to pay the current interest on the Bonds and to create and provide a sinking fund of not less than two percent (2%) of the principal amount of the Bonds or of not less than the amount required to pay the principal payable out of such tax, whichever is greater, full allowance being made for delinquencies and costs of collection, and such taxes when collected shall be applied to the payment of the interest on and principal of the Bonds, and to no other purpose.

To pay the debt service coming due on the Bonds prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

22. **Application of Chapter 1208, Government Code.** Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the System under Section 21 of this Resolution, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the taxes granted by the System under Section 21 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the System agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

23. **Further Proceedings.** After the Initial Bond has been executed, it shall be the duty of the Chair of the Board of Trustees of the System and other appropriate officials and agents of the System to deliver the Initial Bond and all pertinent records and proceedings to the Attorney General of the State of Texas, for examination and approval. After the Initial Bond has been approved by the Attorney General, it shall be delivered to the Comptroller for registration. Upon registration of the Initial Bond, the Comptroller (or the Comptroller’s bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller’s Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

24. **Sale; Purchase Agreement.** The Bonds shall be sold and shall be delivered to the Underwriter at a price to be set forth in the Pricing Certificate, in accordance with the terms of a Purchase Agreement to be approved by the Pricing Officers. The Pricing Officers are hereby authorized and directed to execute the Purchase Agreement on behalf of the System, and the Pricing Officers and all other officers, agents and representatives of the System are hereby
authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

23. **Federal Income Tax Exclusion.**

(a) **General.** The System intends that the interest on the Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Income Tax Regulations (the “Regulations”). The System covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the System covenants and agrees to comply with each requirement of this Section; provided, however, that the System shall not be required to comply with any particular requirement of this Section if the System has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the System has received a Counsel’s Opinion to the effect that compliance with some other requirement set forth in this Section will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion shall constitute compliance with the corresponding requirement specified in this Section.

(b) **No Private Use or Payment and No Private Loan Financing.** The System shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the System covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) **No Federal Guarantee.** The System covenants and agrees that it has not and will not to take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) **No Hedge Bonds.** The System covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge
bonds” within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) **No Arbitrage.** The System shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the System will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the System covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) **Arbitrage Rebate.** If the System does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, the System will take all necessary steps to comply with the requirement that certain amounts earned by the System on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the System will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bond separately from records of amounts on deposit in the funds and accounts of the System allocable to other obligations issues of the System or moneys which do not represent gross proceeds of any obligations of the System, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the System will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) **Information Reporting.** The System covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) **Continuing Obligation.** Notwithstanding any other provision of this Resolution, the System’s obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds.
24. **Use of Proceeds.** Proceeds from the sale of the Bonds shall, promptly upon receipt by the System, be applied as follows:

(a) Accrued interest and, if necessary, net premium on the Bonds, shall be deposited into the Interest and Sinking Fund, or as set forth in the Pricing Certificate.

(b) Premium produced through market pricing of the Bonds when the Bonds were resold by the Underwriter shall be used to pay the underwriters’ discount or as set forth in the Pricing Certificate.

(c) The remaining proceeds from the sale of the Bonds, together with other available funds of the System, shall be applied to refund the Refunded Bonds. Any proceeds of the Bonds remaining after making all such deposits and payments, including interest earned on the investment of such proceeds, shall be deposited into the Interest and Sinking Fund, or as set forth in the Pricing Certificate.

25. **Continuing Disclosure Undertaking.** (a) Definitions. Throughout this Section 25, the following terms and expressions as used herein shall have the meanings set forth below:

(1) “Annual Filing Date” means the date not later than six months after the end of the Fiscal Year of the System (which is the last day in February in each year, unless the System changes its Fiscal Year), commencing with the Fiscal Year ending August 31, 2012.

(2) “Annual Financial Information” means financial information and operating data, including audited Financial Statements, for the preceding Fiscal Year provided at least annually, of the type described in Appendix A of the Official Statement.

(3) “EMMA” means the Electronic Municipal Market Access website of the MSRB, with the web address [www.emma.msrb.org](http://www.emma.msrb.org), which is a permanent repository for electronic disclosure documents, official statements and trade data.

(4) “Financial Statements” means the financial statements of the System prepared in accordance with the accounting principles described in Appendix D of the Official Statement.

(5) “Fiscal Year” means the year beginning each September 1st and ending the following August 31st.

(6) “MSRB” means the Municipal Securities Rulemaking Board.

(7) “Rule” means Rule 15c2-12 of the U.S. Securities and Exchange Commission adopted under the Securities Exchange Act of 1934 and as the same may be amended from time to time.

(b) **Annual Reports.** The System shall provide Annual Financial Information to the MSRB on or before each Annual Filing Date, for immediate publication on EMMA. If not
submitted as part of the Annual Financial Information, the System will provide the MSRB with audited Financial Statements when and if available.

The Annual Financial Information to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to documents available to the public on the MSRB Internet Website or filed with the Securities and Exchange Commission.

(c) Material Event Notices. The System shall provide a notice to the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

A. Principal and interest payment delinquencies;
B. Non-payment related defaults, if material;
C. Unscheduled draws on debt service reserves reflecting financial difficulties;
D. Unscheduled draws on credit enhancements reflecting financial difficulties;
E. Substitution of credit or liquidity providers, or their failure to perform;
F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
G. Modifications to rights of the holders of the Bonds, if material;
H. Bond calls, if material, and tender offers;
I. Defeasances;
J. Release, substitution or sale of property securing repayment of the Bonds, if material;
K. Rating changes;
L. Bankruptcy, insolvency, receivership or similar event of the System;2

2 Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the System in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the System, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers
M. The consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

N. Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

The System shall provide a notice to the MSRB, in a timely manner, of any failure by the System to provide Annual Financial Information in accordance with Section 25(a) of this Resolution by the Annual Filing Date.

(d) **Notice of Change in Fiscal Year or Accounting Principles.**

(1) If the System changes its Fiscal Year, it will provide notice of such change to the MSRB for publication on EMMA, including the dates of the new Fiscal Year and the new Annual Filing Date. The System shall provide such notice prior to the next Annual Filing Date, determined without regard to the change in Fiscal Year.

(2) If the System changes the accounting principles under which the Financial Statements are prepared, it will provide notice of such change to the MSRB, including identification of the new accounting principles and such additional information as may be required under the Rule.

(e) **Required Format and Identifying Information.** All documents, reports, notices, statements, information and other materials provided to the MSRB under this Section shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

(f) **Limitations, Disclaimers, and Amendments.**

(1) The System shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the System remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the System in any event will give notice of any deposit made in accordance with Texas law that causes Bonds no longer to be outstanding.

(2) The provisions of this Section are for the sole benefit of the holders and the beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim under this Section to any other person. The System undertakes to provide only the financial information, operating data, financial

in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the System.
statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the System’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided in this Section. The System does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE SYSTEM BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE SYSTEM, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(3) No default by the System in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

(4) Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the System under federal and state securities laws.

(5) The System may amend one or more provisions of this Section required to comply with any amendment to or interpretation of the Rule announced by the Securities and Exchange Commission from time to time by providing notice thereof to the MSRB.

(6) In addition to any change made pursuant to Section 28(c) or Section 28(e)(5) above, the System may amend one or more provisions of this Section from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, or status of type of principal payment of the System, if (1) the Section, as so amended, would permit an underwriter to purchase or sell Bonds in an original primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate amount of the outstanding Bonds consent to such amendment or (b) a person unaffiliated with the System (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If any such amendment is made, the System will (1) provide notice thereof to the MSRB and (2) include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

25. Official Statement. The System hereby authorizes distribution of the Preliminary Official Statement, in substantially the form attached hereto as Exhibit A, prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Purchase Contract and other relevant information. The use of such
final Official Statement by the Underwriter is hereby approved and authorized and the proper officials of the System are authorized to sign such Official Statement.

26. Related Matters. To satisfy in a timely manner all of the System’s obligations under this Resolution, the Chair and Secretary of the Board of Trustees of the System and all other appropriate officers and agents of the System are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Resolution.

27. Paying Agent/Registrar. The form of agreement setting forth the duties of the Paying Agent/Registrar is hereby approved, and the appropriate officials of the System are hereby authorized to execute such agreement for and on behalf of the System.

28. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any official or employee of the System or any person executing any Bond.

29. Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.
PASSED AND APPROVED this [8th] day of March, 2012.

LONE STAR COLLEGE SYSTEM

______________________________
Randy Bates
Chair, Board of Trustees

ATTEST:

______________________________
Priscilla Kelly
Secretary, Board of Trustees
Lone Star College System

(SEAL)
EXHIBIT A

PRELIMINARY OFFICIAL STATEMENT
Request: Consideration of Approval to Purchase Additional Janitorial Services for LSC-Atascocita Center

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of additional janitorial services for LSC-Atascocita Center from C & S Janitorial Services, 13940 Bammel N. Houston, Houston, Texas 77066, for an estimated annual amount of $120,000 for the two years remaining in the contract term, bringing the total contract with C&S to $790,000 over the remaining two years of the contract term.

Rationale: On August 5, 2010, the Board of Trustees approved the purchase of services from C&S Janitorial Services for the LSC-Cy Fair campus in the estimated amount of $275,000 annually.

The LSC-Atascocita Center has been under temporary contract with another provider; by contracting with C&S Janitorial Services, the campus will be achieving annual savings of approximately $21,000.

The initial purchase of these services was done through a formal Request for Proposals process (RFP #08-261) in accordance with the provisions of Texas Education Code 44.031 (a). The vendor has provided satisfactory service at a reasonable price; therefore, approval for the additional services is requested. Vendor pricing for the first renewal will remain unchanged. LSCS may consider reasonable price adjustments for minimum wage and fuel increases during each renewal option.

Fiscal Impact: Funds for these purchases are included in the FY 2011-12 operating budget. Funds for subsequent fiscal years will be included in future proposed budgets.

Staff Resource: Katherine Persson 281-312-1640
Request: Consideration of Approval to Purchase Additional Services for the Commerce Management System

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of additional services for the Commerce Management System (CMS) from TouchNet Information Systems, Inc., 15520 College Blvd., Lenexa, KS 66219, for an additional amount of $780,000 bringing the total contract amount to $1,945,243 for the remaining four (4) years of the contract term.

Rationale: On March 2, 2006, the Board of Trustees approved a five year license agreement for the purchase of a CMS from the lowest bidder, TouchNet Information Systems, Inc. Subsequently, additional modules were purchased for a total annual cost of $196,375. The original master license agreement was for a five-year period from March 21, 2006 through March 20, 2011.

On May 5, 2011, the Board of Trustees authorized the extension of the original agreement for up to five additional one-year terms in the amount of $1,165,243. This extension was required to provide a smooth integration of the CMS module with the new ERP system.

The CMS includes Enterprise Business Office Cashiering, Payment Gateway, Refunds, Electronic Billing and Payment Plans. The CMS also provides a web portal for student payments, an electronic system for student installment tuition payment plans, and collection of miscellaneous cash receipts. The e-Refunds module provides a secure, real-time electronic refund process.

The additional amount of $780,000 is requested to allow for increases in the number of transactions processed as a result of student enrollment growth. This will also provide for additional maintenance and software license requirements for the remaining four (4) years of the contract term.

Fiscal Impact: Funds for this purchase are available from the approved FY 2011-12 budget. Funds for subsequent years will be included in future proposed budgets.

Staff Resource: Cindy Gilliam 832-813-6512
Link Alander 832-813-6832
Financial Report and Consideration No. 6 (ACTION ITEM 5) Board Meeting 3-1-12

Request: Consideration of Approval to Purchase Construction Services to Replace the Roof of the LSC-North Harris Health Professions Building

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of construction services to replace the roof of LSC-North Harris Health Professions Building from the low bidder, Empire Roofing Companies, Inc., 1404 N. Sam Houston Pkwy. East, Suite 190, Houston, TX 77032, for an estimated amount of $259,799.

Rationale: The original roof of the LSC-North Harris, Health Professions Building is past its useful life; leaks in the roof are causing water damage to the interior of the building. Patching of identified leaks was completed during renovations in the spring of 2011; however, additional major leaks have been identified after recent heavy rains which followed a significant period of drought in the Houston area.

This project will consist of replacing the built-up roof with a modified bitumen roofing system and replacing related flashings, including the perimeter sheet metal guard.

In compliance with Texas Education Code Section 44.031 (a), a competitive bid (Bid #180) request was issued to sixteen (16) qualified commercial roofing vendors and four (4) responses were received. It is recommended that the award be made to the lowest responsible bidder meeting the bid specifications. See the attached tabulation.

Fiscal Impact: Funds for this purchase are included in the approved 2011-12 repair and replacement and operating budgets for LSC-North Harris.

Staff Resource: Steve Head 281-618-5444
Cindy Gilliam 832-813-6512
<table>
<thead>
<tr>
<th></th>
<th>Empire Roofing Companies, Inc.</th>
<th>Marton Roofing Industries, LTD</th>
<th>Royal American Services, Inc.</th>
<th>PRC Roofing Company, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Bid per specs/drawings</td>
<td>$189,645</td>
<td>$248,494</td>
<td>$245,745</td>
<td>$356,376</td>
</tr>
<tr>
<td>Alternative #3: 2 1/2&quot; Loadmaster polyisocyanurate roof insulation</td>
<td>$52,770</td>
<td>$61,400</td>
<td>$71,320</td>
<td>$80,624</td>
</tr>
<tr>
<td>Owner allowance</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Calculation for payment and performance bond</td>
<td>$3,839</td>
<td>$4,970</td>
<td>$4,915</td>
<td>$7,262</td>
</tr>
<tr>
<td><strong>Total Bid Amount (includes base bid, alternative #3 and bond)</strong></td>
<td><strong>$266,254</strong></td>
<td><strong>$334,864</strong></td>
<td><strong>$341,980</strong></td>
<td><strong>$464,262</strong></td>
</tr>
<tr>
<td>Adjustment for base sheet</td>
<td>$ (3,775)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment for white granule surface</td>
<td>$ (7,680)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase to owner allowance</td>
<td>$5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Award Amount</strong></td>
<td><strong>$259,799</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Agreement to Purchase Construction Services for Renovation of Classrooms and Photographic Laboratory at LSC-Tomball

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute an agreement to purchase construction services for the renovation of classrooms and the Photographic Laboratory at LSC-Tomball from JC Stonewall Constructors, LP, 13011 Mula Lane, Stafford, TX 77477, for an estimated amount of $277,905.

Rationale: The renovation of classrooms and the Photographic Laboratory at LSC-Tomball is one of the planned projects funded by the 2008 general obligation bonds. The recommended general contractor will complete the renovation, assume the risk of subcontracting the work and guarantee completion of the project within the required timelines. In addition, the contractor will work directly with the System’s architects, project managers and staff. The project consists of 1,700 square feet of classroom and 825 square feet of Photographic Laboratory renovation.

In compliance with Texas Education Code Section 44.031 (a), a competitive bid request (Bid #174) was issued to twenty-one (21) commercial general contractors and two (2) bid responses were received. The recommendation is to award a contract to the lowest responsible bidder meeting the bid specifications, as reflected in the attached bid tabulation.

Fiscal Impact: Funds for this purchase are available from the 2008 general obligation bonds.

Staff Resource: Cindy Gilliam 832-813-6512
Susan Karr 281-351-3360
Renovation of Classrooms and Photographic Lab – LSC-Tomball

BID # 174 - TABULATION

<table>
<thead>
<tr>
<th>Bid Details</th>
<th>Rosecrans Services Company, LLC</th>
<th>J C Stonewall Constructors, LP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Bid Amount</td>
<td>$308,478</td>
<td>Refer to below cost detail</td>
</tr>
<tr>
<td>Cost for Photo Lab (East Hall)</td>
<td>Included in base bid</td>
<td>$92,664</td>
</tr>
<tr>
<td>Cost for West Wing</td>
<td>Included in base bid</td>
<td>$153,698</td>
</tr>
<tr>
<td>Alternative (add fire suppression to areas not currently sprinkled)</td>
<td>Included in base bid</td>
<td>$4,960</td>
</tr>
<tr>
<td>Owner's Allowance (Fixed Amount of $21,000)</td>
<td>$21,000</td>
<td>$21,000</td>
</tr>
<tr>
<td>Calculation for Payment &amp; Performance Bond Amount</td>
<td>$6,170</td>
<td>$5,583</td>
</tr>
<tr>
<td><strong>Total Cost for Renovation Per Specs</strong></td>
<td>$335,648</td>
<td>$277,905</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval to Purchase Welding Supplies and Gases for the System

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of welding supplies and gases for the System in an estimated, annual amount of $160,000 with a not to exceed amount of $800,000 over the five-year contract term from the following vendors:

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ADDRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conroe Welding Supply, Inc.</td>
<td>415 S. Frazier St., Conroe, TX 77301</td>
</tr>
<tr>
<td>Technical Alloy &amp; Industrial Gas</td>
<td>14833 S.H. 249, Houston, TX 77269</td>
</tr>
</tbody>
</table>

Rationale: Welding supplies are needed to support the LSCS welding program; included supplies are welding rods, grinding wheels, cutting tips, propane, mixed gases and general miscellaneous supplies. In addition, gases are used by various departments across the System including facilities and science programs.

The contract term is for an initial three (3) years with optional two (2) one-year renewals. The estimated annual cost of purchases may vary based on requirements; however, the total dollar amount will not exceed $800,000 over the five-year term. The System reserves the right to cancel the contract with a thirty (30) day written notice.

The recommended vendors will hold pricing firm for one year and a reasonable price increase may be requested by the vendors for the renewal years to accommodate for market changes to metals or fuel-based products. A discount for non-core items is also included in this award for items not listed in the product master list. Non-Core items will be purchased from the vendor that meets best value requirements for quality, price and delivery.

This purchase is in compliance with Texas Education Code §44.031(a).

A Request for Proposals (RFP #179) was issued to six (6) commercial welding and gas suppliers and two (2) responses were received. It is recommended that the proposal be awarded to the two bidders, based on the lowest price for individual items that meet the required product specifications. See the attached tabulation.

Fiscal Impact: Funds for this purchase are available from the approved FY 2011-12 operating budget. Funds for subsequent fiscal years will be included in future proposed budgets.

Staff Resource: Cindy Gilliam 832-813-6512
<table>
<thead>
<tr>
<th>COMPANY</th>
<th>TOTAL # OF ITEMS AWARDED</th>
<th>ANNUAL AWARD AMOUNT</th>
<th>PRICING FOR NON-CORE ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conroe Welding Supply, Inc.</td>
<td>60</td>
<td>$130,000</td>
<td>Cost plus 15%</td>
</tr>
<tr>
<td>Technical Alloy &amp; Industrial Gas</td>
<td>32</td>
<td>$30,000</td>
<td>Cost plus 25%</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval to Renew Licenses and Purchase Additional Licenses for Learning Essential Series Aztec Software for the System

Chancellor’s Recommendation: That the Board of Trustees approve the renewal of licenses and the purchase of additional licenses for Learning Essential Series Aztec Software for the System from SHI Government Solutions, Inc., 1301 South Mo-Pac Expressway, Suite 375, Austin, TX 78746, in an estimated amount of $100,000 for FY 2011-12.

Rationale: The Adult Education program at Lone Star College System has been awarded additional grant funds. These grant funds will be used to provide distance learning for students. The Learning Essential Series software allows LSCS to meet the conditions of the grant by providing resources and flexibility to students who are unable to attend traditional classes, while allowing the instructor the ability to control a prescribed learning plan for student success.

Aztec Software is a multi-user, stand-alone software tool offering features such as multiple students per license and post-secondary modules. The product is user friendly and has several levels of skill training, allowing LSCS staff to monitor student progress in efforts to advance to the next level. The Aztec Software aligns with the Texas Adult Education Standards and Benchmarks, and meets the performance measures established by the Texas Education Agency (TEA). It also has the ability to add an English as a Second Language component, and is available in both English and Spanish.

This purchase is being made in compliance with Texas Education Code §44.031 (a) (4) which allows the use of inter local agreements. The purchase will be conducted utilizing the Texas Department of Information Resources (DIR) contract #SDD-1009, which was awarded to SHI Government Solutions Inc.

Fiscal Impact: Funds for this purchase are available from the approved FY 2011-12 Adult Education/TANF grant budget.

Staff Resource: Rand Key 832-813-6522
Link Alander 832-813-6832
Financial Report and Consideration No. 10  (ACTION ITEM 9)  Board Meeting 3-1-12

Request: Consideration of Approval to Purchase Instrumentation and Process Control Training System for LSC-University Park

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of an Instrumentation and Process Control Training System for LSC-University Park from Advanced Technologies Consultants, Inc., 110 W. Main St., Northville, MI 48167, in the estimated amount of $130,000.

Rationale: The Engineering Technology Program at LSC-University Park requires equipment to conduct practical training for the Oil and Gas Service Technician curriculum in the Applied Sciences degree plan. The degree is offered at both LSC-Cy Fair and LSC-University Park.

The Instrumentation and Process Control Training System will train Engineering Technology Program students on instruments used in industrial processes to control pressure, flow, level and temperature. The training system utilizes the latest equipment and is aligned with the curriculum to teach students theory and practical knowledge necessary for process control applications. This equipment will be utilized in the Petroleum Instrumentation class that is required for the program’s Marketable Skills Award Level II Certification and Associates in Applied Science degree.

This purchase is in compliance with the provisions of Texas Education Code §44.031(a). The request for proposals (RFP #181) was issued to five (5) leading process control equipment companies and one (1) vendor proposal was received with three (3) no bid responses. It is recommended that the award be made to the sole bidder who meets all the required product specifications.

Fiscal Impact: Funds for this purchase are available from the approved FY 2011-12 Auxiliary Fund.

Staff Resource: Rand Key 832-813-6522
Request: Consideration of Approval to Negotiate and Execute an Amendment for the Emergency Purchase of Additional Financial Aid Consulting Services

Chancellor's Recommendation: That the Board of Trustees approve the Chancellor or designee to negotiate and execute an amendment for the emergency purchase of additional financial aid consulting services from Financial Aid Services (FAS), 180 North Parkway, Suite 550, Atlanta, GA 30339, for a total contract amount not to exceed $177,000.

Rationale: On October 7, 2011 an agreement was executed, in the amount of $75,000, with FAS to provide consultant services and assist with centralizing the financial aid process for all the colleges include creating a financial aid processing center, evaluating issues, timelines and resources, implementing financial aid policies, space planning, developing processes, staffing requirements, productivity, training and quality assurance. The term of the agreement is for six (6) months and ends April 17, 2012.

This FAS agreement was approved by LSCS Chancellor, Dr. Richard Carpenter, as an emergency purchase under Board Policy Section III D.4.04 (e). The emergency purchase of these services was required due to the detrimental impact on business processes, operations and the students' ability to enroll which could have resulted in a financial loss to LSCS.

To accommodate the posting and hiring of the LSCS Executive System Director of Financial Aid who will assume the duties under the FAS agreement, the Board is requested to approve amending the agreement with FAS to extend the term for up to six months for an additional $102,000, bringing the total potential cost of the engagement to $177,000.

Fiscal Impact: Funds for this purchase are included in the approved FY 2011-12 operating budgets.

Staff Resource: Rand Key 832-813-6522
The System’s plant operations and facilities department has provided a summary report of the System’s construction projects. See attached report.
General Obligation Bond Project Summaries – 2008 Election

LSC-North Harris
Project close-out has been completed.

LSC-Victory Center
- Off-site road improvements at Victory and Vogel are substantially complete and final punchlist items are being addressed.
- Project close-out is targeted for completion by the end of March.

LSC-Kingwood
Project close-out is targeted for completion by the end of March with the exception of the campus way-finding and directional signage.

LSC-Atascocita Center
- The site monument sign has been updated with Quest HISD terminology and additional interior / exterior signs have been installed.
- Project close-out is targeted for completion by the end of March.

LSC-Tomball
- Project close-out has been completed.
- Warranty work associated with the replacement of the Diva Shell in the Performing Arts Theatre will be completed by the end of March.

LSC-Tomball – Renovation
A recommendation to select a general contractor for the Tomball renovations project is included on the Board agenda for the March regular meeting.

LSC-Montgomery
Project close-out on the new construction and renovation work will be completed by the end of March.

LSC-Conroe Center
Project close-out has been completed with the exception of the monument sign installation, which will be completed by the end of March.

LSC-CyFair
- Project close-out work continues in the Science and Student Services/Classroom buildings.
- Punch list work is in progress and is scheduled to be complete by the end of March.
- The first floor renovation in the Library Building for the Student Life program is also scheduled to be completed by the end of March.

LSC-Cypress Center
LSCS continues to hold meetings with the traffic engineer and Harris County regarding the new Traffic Impact Analysis (TIA). Additional County comments are being incorporated into the report. Harris County feedback and discussions continue.

LSC-University Park
- Construction of the new entry drive, the visitor parking lot, and the building entry canopy supporting buildings 9 & 10 has commenced. Substantial completion is scheduled for April.
- Design of the new library and tutoring center located on level 8 of building 12 is under development.
- The engineering technology classrooms located on level 1 of building 10 have been completed and placed in service.
- Construction on the new tenant lease space on level 3 of building 9 is substantially complete; the space was occupied in late February.

Repair and Replacement Projects:

LSC-North Harris
- Health Professions Building Roof Replacement - Installation work is scheduled to begin in March
- Academics Building Air Handler Unit Replacement - Equipment order has been placed and work is scheduled to begin in May.

LSC-Kingwood
- Administration Building Air Handler Unit Upgrade - Equipment is on order and work is scheduled to begin in May.
- Classroom Building Air Handling Unit Replacements - Equipment is on order and work is scheduled to begin in March and be completed in May.
- Gates at Atascocita - Installation will be complete by the end of March

LSC-Tomball
- Electrical Grounding Repair - Testing has been completed and engineering analysis is underway
- Replace Tile in South Building – Cost estimates are being prepared
- Commons Furniture Replacement - Obtaining pricing and finalizing selection with administration

LSC-Montgomery
- Install Sump Pumps in Fire Pits - Project out for bid
- Replace sidewalks in front of Buildings C & E - Work scheduled for spring break
- Install capacitors on buildings and equipment - Power monitoring is complete and engineering analysis is underway.
- Replace filter system for Central Plant #1 - Engineering firm selection to be finalized in March.

**LSC-CyFair**
- Utility Vehicle Storage Replacement - Final design review scheduled and permitting documents under development.
- Masonry Sealant – LRNC - Project complete
- Paint Tech Building Corridors - Work scheduled for spring break completion.
- Replace Carpet for the Fine Arts Building
  - Project out for bid

**LSC-University Park**
- American Disabilities Act Access Hardware Upgrades - Scope of work being reviewed due to occupancy change. Design for automatic door openers is under development.

**LSC- System Office**
- Re-commission Roof Top Units & Repair Ductwork - Engineer has reviewed the test and balance reports and will have a design recommendation for system modifications in March
- Rebuild dock railing - Pricing obtained, work scheduled for completion in March

**Status Report on the Area Job Order Contract (AJOC) Purchases for Construction Related Projects:**

At the August 2011 regular Board meeting, the Board of Trustees approved the purchase of construction services for the System from approved purchasing cooperative program contractors. This approval authorized the System to use the AJOC method for individual projects up to $200,000 and to make collective purchases not to exceed $1,000,000 for FY 2011-12. Projects that exceed $200,000 are to be presented to the Board of Trustees individually for consideration of approval. To ensure the Board of Trustees continues to have information regarding the AJOC projects under $200,000, a brief summary of projects is included in the Facilities Planning and Construction Report each quarter.

The projects listed below were awarded to Dura Pier:
- LSC-University Park – Ceiling Repair – $12,302

The projects listed below were awarded to Alpha Construction:
- LSC-Montgomery-Installation of Sliding Door - $21,247
- LSC-North Harris-Ramp at Student Services Building - $45,000

The projects listed below were awarded to BaseLine Paving and Construction:
- LSC-Kingwood-Replace Tile - $1,305
Status Report on Architectural Design Services for Construction Related Projects:

At the August 2009 regular Board meeting, the Board of Trustees approved the purchase of professional architectural services for construction projects for an amount not to exceed $250,000 over a period of three years from five architectural firms. To ensure the Board has visibility of these purchases, a brief summary of projects is included in the Facilities Planning and Construction Report each quarter.

The projects listed below were awarded to O.C.+A.:
   LSC-North Harris – HPB Instructional Roof Design – $9,000

The project listed below were awarded to Hill+Swart:
   LSC-North Harris – Math Lab Design – $12,000

The projects listed below were awarded to Huitt Zollars:
   LSC-CyFair – Utility Vehicle Storage Facility – $17,000

Status Report on Engineering Design Services for Construction Related Projects:

At the August 2009 regular Board meeting, the Board of Trustees approved the purchase of professional engineering services for construction projects for an amount not to exceed $500,000 over a period of three years from five engineering firms. To ensure the Board has visibility of these purchases, a brief summary of projects is included in the Facilities Planning and Construction Report each quarter.

The projects listed below were awarded to Smith, Seckman & Reid:
   LSC-Kingwood – Admin. AHU Evaluations – $30,500
   LSC-Kingwood – CLA AHU Replacements – $31,700
   LSC-Kingwood – Admin AHU #3 Evaluation – $6,000
   LSC-System Office – RTU Evaluation & Associated Ductwork – $9,500

The projects listed below were awarded to Marshall Engineering:
   LSC-Montgomery – Sump Pump for Fire Valve Pits - $8,839
   LSC-UP – Commons Booster Pump - $9,095
   LSC-CF – Air Quality Evaluation - $8,001
   LSC-CF – HVAC Design for Fine Arts Bldg. - $5,521

The projects listed below were awarded to Bovay Engineering:
   LSC-NH – Replace Air Handlers, Academic Bldg. - $14,900
   LSC-NH- Parking Lot Lighting Design - $5,300
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 LSC-CyFair, LSC-Montgomery, LSC-North Harris, LSC-Tomball, LSC-System Office, and LSC-University Park.

Fiscal Impact: Positions and salaries have been budgeted for 2011-2012.

Staff Resource: Rand Key 832-813-6522
a. LSC-CyFair

Kenneth Abbott, Instructor, Political Science

**Effective:** 4.5-month contracted employee at a semester pro-rated (70%) salary of $17,164 beginning February 6, 2012.

**Education:** J.D. & B.S., University of Houston, Major: Law & Psychology/Political Science.

**Experience:** Temporary Full-Time Associate Professor, Temporary-Full Time Instructor, and Adjunct Faculty, Lone Star College-CyFair; Temporary Full Time Instructor, and Adjunct Faculty, Houston Community College, and Blinn College; Substitute Teacher, Cy-Fair ISD.

Mona Sedky, Associate Professor, Political Science

**Effective:** 4.5-month contracted employee at a semester pro-rated salary of $20,692 beginning January 17, 2012.

**Education:** M.A., University of Houston, Major: Political Science.

**Experience:** Adjunct Faculty, Lone Star College-CyFair, and Houston Community College.

Richard Cristiano, Instructor, Biology

**Effective:** 4.5-month contracted employee at a semester pro-rated (70%) salary of $17,508 beginning January 17, 2012.

**Education:** Ph.D., Kent State University, Major: Cellular and Molecular Biology; B.S. & B.S., State University of New York College-Fredonia, Major: Recombinant DNA Technology & Medical Technology.

**Experience:** Adjunct Faculty, Lone Star College-CyFair; President/Co-Owner, RCC Interest; Assistant Professor/Assistant Biologist, University of Texas M.D. Anderson Cancer Center.

b. LSC-Montgomery

Sarah Palacios-Wilhelm, Assistant Professor, Reference Librarian

**Effective:** Twelve month contracted employee at an annual salary of $58,994 beginning January 26, 2012

Experience: Part-Time Librarian, Lone Star College-Montgomery; Government Information Specialist, Kelley Center for Government Information; Reference and Instruction Librarian, Public Services and Reference Coordinator, Acting Library Manager, and Public and Technical Services Specialist, Eckles Library.

Helen McDowell, Assistant Professor, Biology

Effective: 4.5-month contracted employee at a semester pro-rated salary of $25,011 beginning January 30, 2012.

Education: Ph.D. & B.S., Dundee Institute of Technology, Major: Biology & Biology and Chemistry.

Experience: Adjunct Faculty, Lone Star College-Montgomery; Post Doctoral Research Fellow, University of Dundee; Lecturer, School of Science & Engineering, and Dundee Institute of Technology.

c. LSC-North Harris

Larry Rideaux, Dean, Student Services

Effective: Twelve-month contracted employee at an annual salary of $112,529 beginning January 1, 2012.

Education: Ed.D., University of Texas-Austin, Major: Educational Administration; M.A., Prairie View A&M, Major: Counseling; B.S., Lamar University, Major: Psychology.

Experience: Associate Vice President, Associate Vice Chancellor-Student Success, Dean-Student Development, Dean-Enrollment Management, and Assistant Dean-Enrollment, Lone Star College System; Assistant Registrar, South Texas College of Law; Campus Director of Multicultural Services, Texas A&M University-Galveston; Admission Counselor, Lamar University-Beaumont.

My Le, Instructor, Math

Effective: 4.5-month contracted employee at a semester pro-rated (70%) salary of $15,233 beginning January 17, 2012.
**Education:** M.S. & B.S., University of Houston, Major: Mathematics; A.A., Lone Star College System, Major: General Math & Science.

**Experience:** Adjunct Faculty, and Tutor, Lone Star College-North Harris; Teaching Assistant, Research, Math Tutor, University of Houston; Math Teacher, Middle School and High School-Vietnam.

**Greg Appolito, Instructor, HVAC Refrigeration Technology**

**Effective:** 4.5-month contracted employee at a semester pro-rated (70%) salary of $14,727 beginning January 17, 2012.

**Education:** A.A.S., Lone Star College System, Major: HVAC & Refrigeration Technology.

**Experience:** Adjunct Faculty, Lone Star College-North Harris; Maintenance Manager, Maintenance Engineering Specialist, Maintenance Supervisor, and Building Mechanic, U.S. Postal Service.

d. **LSC-Tomball**

**Martha Newsome, Instructor, Biology**

**Effective:** 4.5-month contracted employee at a semester pro-rated (70%) salary of $17,508 beginning February 1, 2012.

**Education:** D.D.S., University of Texas Health Science Center, Major: Biology; B.A., University of Saint Thomas, Major: Biology.

**Experience:** Adjunct Faculty, Continuing Education Instructor, Dean/Executive Director, Interim Executive Director, Instructional Dean, Associate Dean, and Professor, Lone Star College-Tomball, CyFair, Montgomery, Kingwood, and North Harris; Certified Flight Instructor, MVP Aero Academy; Adjunct Faculty, University of St. Thomas, LeTourneau University LEAP Program, General Practice Dentist.

e. **LSC-System Office**

**Luzelma Canales, Executive Director, Resource Development/Grants**

**Effective:** Twelve month contracted employee at an annual salary of $105,000 beginning January 17, 2012.

**Education:** Ph.D., Texas A&M University-College Station, Major: Educational Human Resources Development; M.B.A., The University of Texas Pan American, Major:
Business Administration; B.B.A., Pan American University, Major: Business Administration.

**Experience:** Consultant-College Service Provider, The University of Texas-Austin; Consultant-Data Coach, MDC, Inc./Achieving the Dream, Inc.; Interim Associate Dean-Community Engagement & Workforce Development, and Director of Grant Development-Accountability and Management Services, and Assistant for Accountability, South Texas College; Internal Auditor II, University of Texas-San American; Accountant, Council for South Texas Economic Progress; Audit Assistant, Pan American University.

**f. LSC-University Park**

**Shahryar Shojaardalan, Chief Executive Officer**

**Effective:** Twelve-month contracted employee at an annual salary of $183,688 beginning February 1, 2012.

**Education:** M.S., North Carolina A&T State University, Major: Electrical Engineering; B.S., University of North Carolina at Greensboro, Major: Physics.

**Experience:** Chief Information Officer, Lone Star College System, and SunGard Higher Education; Vice President for Technology Services, San Juan College; Chief Information Officer and Associate Vice President, Special Assistant to President, Director of Business Development, College of Engineering, Prairie View A&M University; Senior Systems Analyst, PVAMU.

**Amy Dean, Instructor, History**

**Effective:** 4.5-month contracted employee at a semester pro-rated (70%) salary of $12,536 beginning February 6, 2012.

**Education:** M.A., Purdue University, Major: Early Modern Europe; B.A., Texas Christian University-Fort Worth, Major: History, French and English.

**Experience:** Adjunct Faculty, Lone Star College-University Park; French Teacher, Huntsville ISD; Instructor, and Teaching Assistant, Purdue University; Office Manager, Stephen E. Davis, D.D.S., Inc.; Buyer, and Administrative Assistant, Dillard’s, Inc.; Customer Service Specialist, ArtDesign Printing.

**Betsy Anderson, Instructor, History**

**Effective:** 4.5-month contracted employee at a semester pro-rated (70%) salary of $11,662 beginning February 7, 2012.
Education: M.A., James Madison University, Major: History; B.A., The University of Nebraska-Lincoln, Major: History.

Experience: Adjunct Faculty, Lone Star College-Tomball, University Park, and CyFair; Second Assistant Manager, Yankee Candle; Assistant Director of Admissions, South University Online; Graduate Teaching Assistant, James Madison University; Customer Service Representative, Wells Fargo Bank.

George King, CC Instructor, Energy & Manufacturing

Effective: Twelve-month contracted employee at an annual salary of $56,103 beginning February 16, 2012.

Education: B.S., Texas A&M University, Major: Industrial Technology.

Experience: Chief Engineer, AWE-Engine & Compressor Systems, Inc.; Adjunct Faculty, and Director, Texas A&M University-Galveston; Director, Houston Advanced research Center; Chief Engineer, Reliant Energy Power System; Project Manager, Stone & Webster Engineering Corp.; Founder, President and Chief Engineer, Engine & Compressor Systems, Inc.; Manager, Mitchell Energy and Development Corp.
Request: Consideration of Resignations

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

**LSC-CyFair**

**Dora Whiteside, Counselor/Associate Professor**
Effective January 27, 2012

**Gail Lorber, Professor, Business**
Effective February 29, 2012

**LSC-System Office**

**Peter Ho, Executive Director, Enterprise App.**
Effective January 31, 2012

**LSC-University Park**

**Rosario Martinez, Director, Articulation Services**
Effective January 31, 2012

**Kimberly Baker, Sr. Database Administrator**
Effective January 31, 2012

**Christie Smith, Director, On-Line Course Development**
Effective February 10, 2012

**Staff Resource:** Rand Key 832-813-6522
Request: Board of Trustees’ Annual Performance Review of Chancellor and any Proposed Addenda to the Chancellor’s Contract

Recommendation: Acceptance of the Board of Trustees’ annual performance review of the Chancellor and proposed addenda to the Chancellor’s contract.
Personnel Report and Consideration No. 4  (ACTION ITEM 14)  Board Meeting 3-1-12

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 Lone Star College System.

   Lone Star College–Cy Fair
      David W. Whitt
      Jerlean Celestine – Part Time

   Lone Star College-North Harris
      Gary D. Foster

   Lone Star College – Tomball
      Patricia G. Vidito – Part Time

Rationale: These officers are eligible to be commissioned by this Board because they:
1. Have a current license from the Texas Commission on Law Enforcement Officer Standards and Education;
2. Have taken and filed the oath required of peace officers; and
3. Possesses a sufficient number of college credit hours to meet the minimum standard for a Lone Star College System peace officer.

Fiscal Impact: None

Staff Resource: Rand Key  832-813-6522