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 Section 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 October 4, 2012 Workshop and Regular Meeting of the Board of Trustees

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 the 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. Policy Considerations

1. Consideration for New Lone Star College System Board Policy Section V.B.3.07 (FIRST READING)

XIII. Financial Reports and Considerations

1. Monthly Financial Statements

2. Consideration of Approval to Purchase Custodial Supplies for the System (ACTION ITEM 1)

3. Consideration of Approval for Chancellor or Designee to Negotiate and Execute Amendment(s) to Extend the Texas Cooperative Purchasing Network (TCPN) Lease for Temporary Modular Building at LSC-Montgomery (ACTION ITEM 2)

4. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute Necessary Easements and Agreements with Wet and Dry Utility Providers for LSC-Cypress Center (ACTION ITEM 3)

5. Consideration of an Addition to the Approved 2012-13 Tuition and Fee Schedule (ACTION ITEM 4)

6. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Service Agreement Contract with Harris County Municipal Utility District (MUD) #284 and Further Authorize Payment of Required Service Fees to MUD #284 for Water, Sanitary Sewer and Storm Sewer Service for LSC-Cypress Center (ACTION ITEM 5)

XIV. Building and Grounds Report

Construction Projects Update

XV. Personnel Reports and Considerations

1. Consideration of Ratification of Appointments (ACTION ITEM 6)
2. Consideration of Acceptance of Resignations *(ACTION ITEM 7)*

3. Consideration of Approval of Commissioning of Peace Officers *(ACTION ITEM 8)*

**XVI.** Suggested Future Agenda Items

**XVII.** 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 provisions(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
Certification of Posting of Notice to the November 1, 2012
Workshop and Regular Meeting of the
Lone Star College System’s
Board of Trustees

I, Richard Carpenter, Chancellor of the Lone Star College System, do hereby certify that a notice of this meeting was posted on Monday the 29th day of October, 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 29th day of October, 2012.

[Signature]

Richard Carpenter
Chancellor
PRESENT:  Mr. Randy Bates, Chair  
Dr. David Holsey, Vice Chair  
Ms. Priscilla Kelly, Secretary  
Mr. David Vogt, Assistant Secretary  
Mr. Robert Adam  
Mr. Thomas Forestier  
Ms. Linda Good  
Ms. Stephanie Marquard  
Mr. Bob 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 that a quorum was present.

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

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”.

IV. INTRODUCTIONS, SPECIAL GUESTS AND RECOGNITIONS: Mr. Link Alander, vice chancellor of technology services/CIO announced Lone Star College has won “The Best of Texas” award from the Center for Digital Government. We received the Digital Education Achievement Award for the project Efficiency by Design and the Green IT award from the Center for Digital Education. Dr. Audre Levy, president of LSC-CyFair introduced members of the Academy of Life Long Learners, a group of 40-50 that have volunteered for the past three years in the Student Services area. Recognized tonight are Sara Richey, Judy Hopkins, Gayle Pert, Don Hobart, Cynthia Hobart, Lucetta Fulley and Gina Hood. Dr. Carpenter announced that Dr. Austin Lane, president of LSC-Montgomery was selected as the 2012 Pacesetter of the Year for the National Council for Marketing and Public Relations for District 4 which includes Texas, Arkansas, Oklahoma, New Mexico, Colorado and Wyoming. Chairman Bates recognized Trustee Forestier, who today received the 2012 Trailblazer of the Year Award given by the Texas Minority Counsel Program Office of Minority Affairs, State Bar of Texas.

Mr. Vogt entered the meeting at 5:15 p.m.

V. WORKSHOP: Dr. Steve Head, president of LSC-North Harris introduced Ms. Sylvia Martinez, director of LSC-North Harris’ STEM Center. Ms. Martinez gave a presentation of the U.S. Department of Education’s Hispanic Serving Institutions Science, Technology, Engineering and
Mathematics (STEM) grant. This is our largest grant received to date for $4.3M over 5 years. This grant focuses on promoting STEM careers for Hispanic students and female Hispanics in particular.

VI. CLOSED SESSION: At 5:25 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

Mr. Wolfe entered the meeting at 5:39 p.m.

VII. RECONVENE REGULAR MEETING: Mr. Bates reconvened the open meeting at 6:22 p.m.

VIII. APPROVAL OF THE MINUTES OF THE September 6, 2012 WORKSHOP AND REGULAR MEETING: upon a motion by Ms. Good and a second to the motion by Ms. Kelly, the Board approved the minutes of the September 6, 2012 Workshop and Regular Meeting. Ms. Marquard abstained.

IX. CITIZENS DESIRING TO ADDRESS THE BOARD:

Javier Chacon, retired deputy director of the EEOC, spoke regarding alleged discrimination issues toward Latinos at Lone Star College System.

Coleen Vera, retired Texas teacher who has been researching state fiscal issues spoke concerning fees for services paid through Choice Partners Contracts.

Larry Loomis-Price, LSC-Montgomery faculty member, spoke about faculty grievances at LSC-Montgomery.

Dr. John Burghduff speaking on behalf of the American Federation of Teachers expressed the AFT’s appreciation to the Board and administration for decisions made recently, including a pay rate increase for adjunct faculty and a general pay increase for all faculty and staff especially of those at the lower end of the pay scale. AFT also supports TACC’s legislative agenda for next year’s session including the restoration of adequate funding for employee benefits and the adoption of performance measures for community colleges.

X. SPECIAL REPORTS AND ANNOUNCEMENTS:

1. **Chancellor:** Chancellor Carpenter reported that since 2008 Lone Star has tracked key performance indicators against 14 benchmark institutions. By ethnicity, Hispanic students have the highest persistence rate followed by African American students then Caucasian students. On average, about three quarters of students return. Since 2008, we have moved from fourth place to first in student persistence compared with our benchmark institutions.

   The Chancellor announced that Mr. Vogt has been chosen by Interfaith of The Woodlands as a 2012 Home Town Hero and will be honored Saturday, October 6 at The Woodlands Celebration
of Excellence Gala. Criteria for the selection of Hometown Heroes include being a positive role model, a history of volunteerism, sacrificing personal gain to achieve noble goals, leadership and courage that embodies the values of The Woodlands community; family values, importance of education, the arts and culture, environmental consciousness and dedication to public service.

2. **College Presidents:** None.

3. **Vice Chancellors:** Rand Key, senior vice chancellor/COO shared a CCTV-Houston spot covering workforce development that aired on September 28th, which featured Lone Star College prominently. Mr. Ray Laughter, vice chancellor for external affairs shared a Fox News Channel 26 report that aired last evening, October 3rd, about the affordability of Lone Star College.

4. **Faculty Senate Presidents:** Dr. Joyce Boatright, LSC-North Harris faculty senate president spoke about Lone Star College’s disabled student population. Dr. Boatright stated that Spring 2012 we served 1,610 disabled students, with the largest population being those with learning disabilities. With the opening of the Veteran’s Center we’re finding more veterans are returning not only with traumatic brain injury and post-traumatic stress disorder but also those that are newly deafened or hard of hearing and have never had ASL (American Sign Language) training. We also have the newly blinded veteran students. One of the things that we are doing to help this population is the Assisted Technologies Labs. LSC-CyFair, LSC-Kingwood and LSC-North Harris have all relocated their technology labs to improve accessibility. LSC-Tomball has just opened their new lab and LSC-University Park will open their lab this Fall. LSC-North Harris is also partnering with Landmark College, which is a nationally known for its integrated learning approach for students with learning disabilities. Landmark College is also one of the co-sponsors for Lone Star College System’s 6th Annual Institute on Learning Differences being held at LSC-North Harris on November 15-16, 2012. Ms. Good added that although over 1,600 disabled students are reported, that figure is most likely low as in college disabled students must self-identify and many do not for whatever reason. She suggested that the college presidents walk with one of their disabled students and walk their own campus with them to get a feel for how accessible the campus is.

XII. **CONSIDERATION OF THE CONSENT AGENDA:** Mr. Bates proceeded with the Consent Agenda. Mr. Adam made a motion to approve Action Items 1, 2, 3, 4, 5, 6, 7, and 8. Ms. Good seconded the motion and the Board unanimously passed the Consent Agenda. A copy is attached as Exhibit “B”.

XIII. **FOUNDATION REPORT AND CONSIDERATIONS:**

1. **Ratify and Approve the Appointment of Lone Star College Foundation Board Members (ACTION ITEM 1):** the Board unanimously ratified and approved the appointment of Lone Star College Foundation Board members. This item was passed in the Consent Agenda. A copy is attached as Exhibit “C”.

XIII. **POLICY CONSIDERATIONS:**

1. **Consideration of Approval for Board of Trustees Travel (ACTION ITEM 2):** the Board unanimously approved Mr. Bates, Dr. Holsey, Mr. Vogt, Mr. Adam and Ms. Good to attend the 2012 ACCT Leadership Congress in Boston, Massachusetts October 10-14, 2012. This item was passed in the Consent Agenda. A copy is attached as Exhibit “D”.

3
XIV. **FINANCIAL REPORTS AND CONSIDERATIONS:**

1. **Monthly Financial Statements:** Ms. Cindy Gilliam, vice chancellor for administration and finance, presented the monthly financial statements for the month ended August 31, 2012. A copy is attached as Exhibit “E”.

2. **Quarterly and Annual Investment Reports:** Ms. Cindy Gilliam, vice chancellor for administration and finance, presented the quarterly and annual investment reports. A copy is attached as Exhibit “F”.

3. **Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to purchase Construction Management at Risk (CM-at-Risk) Services for the Energy and Manufacturing Institute (EMI) Building at LSC-University Park (ACTION ITEM 3):** the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract for CM-at-Risk services for the construction of the EMI building at LSC-University Park with the highest ranked company, Tellepsen Builders, L.P. If negotiations cease for any reason, the System will proceed to negotiate with the 2nd ranked company, Durotech, Inc. This item was passed in the Consent Agenda. A copy is attached as Exhibit “G”.

4. **Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract for the Purchase of Additional Land to Support the Future Tomball-Creekside Satellite Center (ACTION ITEM 4):** the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract to purchase additional 4.95 acres of land for an amount not to exceed $445,000. The land is adjacent to the original 10.5 acres of land acquired in October 2007. This item was passed in the Consent Agenda. A copy is attached as Exhibit “H”.

5. **Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract for the Purchase of Land on State Highway 249 Adjacent to LSC-Tomball (ACTION ITEM 5):** the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract with Eldridge Companies, 20 Stonegate Park Court, Spring, TX 77379, to purchase 0.2992 acres of land on State Highway 249 adjacent to LSC-Tomball for an amount not to exceed $135,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “I”.

XV. **BUILDING AND GROUNDS REPORTS:**

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

XVI. **PERSONNEL REPORTS AND CONSIDERATIONS:**

1. **Consideration of Ratification of Appointments (ACTION ITEM 6):** the Board unanimously ratified the appointments as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “K”.

2. **Consideration of Acceptance of Resignations (ACTION ITEM 7):** the Board unanimously accepted the resignations as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “L”.

3. **Consideration of Approval of Commissioning of Peace Officers (ACTION ITEM 8):** the Board unanimously approved the commissioning of the following peace officers for Lone Star College
System; LSC-Montgomery, Steven Bennett; and LSC-North Harris, Tuan Anh Nguyen. This item was passed in the Consent Agenda. A copy is attached as Exhibit “M”.

XVII. **SUGGESTED FUTURE AGENDA ITEMS:** None

XVIII. **ADJOURNMENT:** There being no further business, the meeting was adjourned at 7:00 p.m.

ATTEST:

________________________________________________________________________
Board of Trustees, Chair                                                Board of Trustees, Secretary
Consideration of Consent Agenda

Board Meeting 11-1-12

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 Items</th>
<th>Consent Agenda</th>
<th>Chancellor Recommended Separate Action</th>
<th>Board Separate Action</th>
</tr>
</thead>
<tbody>
<tr>
<td># 1 – Approve Purchase of Custodial Supplies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 2 – Approve Chan/Neg/Exec/Amend/Temp Bldg LSC-MC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 3 – Approve Chan/Neg/Exec/Easements/Wet/Dry Util CypC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 4 – Addition to 2012-13 Tuition and Fee Schedule</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 5 – Approve Chan/Neg/Exec/MUD284 Serv Agree CypC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 6 – Ratify Appointments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 7 – Accept Resignations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># 8 – Approve Commissioning of Peace Officers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Request:
Consideration for new Lone Star College System Board Policy Section V.B.3.07 (FIRST READING)

### Chancellor’s Recommendation:
That the Board of Trustees consider new Lone Star College System Board Policy Section V.B.3.07. This constitutes a first consideration with a request for approval during the December Board meeting.

### Rationale:
This new policy consideration is required by SACS and will provide (i) clarification of the responsibilities of any employee that initiates or implements changes in existing LSCS programs and activities and (ii) the reporting of substantive policy changes to SACS.

### Fiscal Impact:
None

### Staff Resource:
<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Carpenter</td>
<td>832-813-6515</td>
</tr>
<tr>
<td>Keri Rogers</td>
<td>832-813-6597</td>
</tr>
<tr>
<td>Brian Nelson</td>
<td>832-813-6655</td>
</tr>
</tbody>
</table>
V.B.3.07 Substantive Change

Employees with responsibility for initiating, reviewing, approving, or allocating resources to make changes in any of the institution’s programs or activities, whether academic or non-academic, are expected to remain knowledgeable of current rules and requirements. Individuals involved in proposing and implementing substantive changes are required to coordinate their efforts with the Executive Council and the SACS-COC liaison. Notification of substantive changes will be submitted to, and approved by, accrediting or approval agencies prior to implementation of the changes. All substantive changes must come before the Executive Council for final action.
The financial statements for the month ended September 30, 2012 are presented for Board review.
% OF BUDGETED REVENUES COLLECTED

07-08: 15%
08-09: 15%
09-10: 16%
10-11: 16%
11-12: 18%
12-13: 18%

SEPTEMBER
% OF BUDGETED EXPENDITURES USED

- SEPTEMBER

- 08: 7%
- 09: 7%
- 10: 7%
- 11: 7%
- 12: 8%
- 13: 7%
HOW MUCH DO WE NEED IN RESERVES?

REVENUES

EXPENDITURES
LONE STAR COLLEGE SYSTEM

Statement of Revenues and Expenditures
General and Auxiliary Funds
For the One Month Ended September 30, 2012
Unaudited

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>8% Of Prior Year Fiscal Year</th>
<th>% Actual To Budget</th>
<th>Prior Year Actual</th>
<th>% Actual To Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>$66,500,000</td>
<td>$9,197,014</td>
<td>13.83%</td>
<td>$8,701,193</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>98,190,000</td>
<td>41,020,625</td>
<td>41.78%</td>
<td>38,713,218</td>
</tr>
<tr>
<td>Taxes</td>
<td>105,520,000</td>
<td>169,279</td>
<td>0.16%</td>
<td>170,626</td>
</tr>
<tr>
<td>Investments</td>
<td>325,000</td>
<td>28,701</td>
<td>8.83%</td>
<td>9,708</td>
</tr>
<tr>
<td>Other</td>
<td>5,395,000</td>
<td>124,959</td>
<td>2.32%</td>
<td>607,041</td>
</tr>
<tr>
<td>Tuition/Growth Contingency</td>
<td>3,000,000</td>
<td>-</td>
<td>0.00%</td>
<td>121,605</td>
</tr>
<tr>
<td>Reserves</td>
<td>6,700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Operations Revenues</td>
<td>285,630,000</td>
<td>50,540,578</td>
<td>17.69%</td>
<td>48,323,391</td>
</tr>
<tr>
<td>Auxiliary Revenues</td>
<td>11,000,000</td>
<td>612,592</td>
<td>5.57%</td>
<td>380,589</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>296,630,000</td>
<td>51,153,170</td>
<td>17.24%</td>
<td>48,703,980</td>
</tr>
</tbody>
</table>

REVENUES: %

EXPENDITURES:

| Instruction-Academic              | $71,957,201                 | 5,953,572          | 8.27%            | 5,662,236         | 8.08%              |
| Instruction-Workforce             | 26,816,597                  | 2,303,278          | 8.59%            | 2,222,518         | 8.35%              |
| Public Service                    | 948,166                     | 44,058             | 4.65%            | 57,045            | 5.29%              |
| Academic Support                  | 47,304,490                  | 2,505,497          | 5.30%            | 2,363,412         | 5.21%              |
| Student Services                  | 38,224,961                  | 1,540,352          | 6.65%            | 2,376,313         | 10.00%             |
| Institutional Support             | 32,259,874                  | 2,064,285          | 6.40%            | 1,865,762         | 6.86%              |
| Plant Operation and Maintenance   | 30,319,603                  | 2,624,985          | 8.66%            | 2,784,690         | 9.88%              |
| Staff Benefits                    | 23,149,108                  | 1,540,352          | 6.65%            | 2,376,313         | 10.00%             |
| Growth Contingency                | 3,000,000                   | -                  | 0.00%            | -                 | -                  |
| Total Educational and General Expenditures | 273,980,000             | 19,192,164         | 7.00%            | 19,297,159        | 7.53%              |
| Repair, Replacement and Other     |                            |                    |                  |                   |                    |
| Internally Designated             | 4,300,000                   | 7,117              | 0.17%            | 6,886             | 0.18%              |
| Auxiliary                         | 11,000,000                  | 729,187            | 6.63%            | 457,698           | 4.58%              |
| Total Expenditures                | 289,280,000                 | 19,928,468         | 6.89%            | 19,761,743        | 7.32%              |
| Other Changes - Debt Service & Fund Transfers | 7,350,000              | -                  | 0.00%            | 1,767,925         | 25.88%             |

NET INCREASE (DECREASE) IN FUND BALANCES

| General Funds                     | 0                           | 31,341,297         | 27,251,421       |
| Auxiliary Funds                   | 0                           | (116,595)          | (77,109)         |
| Total Net Increase (Decrease) in Fund Balances | 0                           | 31,224,702         | 27,174,312       |
LONE STAR COLLEGE SYSTEM

Balance Sheet
September 30, 2012
Unaudited

<table>
<thead>
<tr>
<th>Assets</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB 34/35 Reporting &amp; Investment In Plant</th>
<th>Memorandum Totals Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 47,507,657</td>
<td>$ (51,271,010)</td>
<td>$ 5,377,997</td>
<td>$(3,763,353)</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>18,074,199</td>
<td>46,811,719</td>
<td>890</td>
<td>139,892,084</td>
</tr>
<tr>
<td>Investments</td>
<td>81,176,264</td>
<td>58,714,930</td>
<td>-</td>
<td>3,125,398</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>3,125,398</td>
<td>-</td>
<td>42,255</td>
<td>602,105,802</td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>42,255</td>
<td>3,125,398</td>
<td>-</td>
<td>602,105,802</td>
</tr>
<tr>
<td>Amount to be provided for retirement long-term debt</td>
<td>602,105,802</td>
<td>-</td>
<td>754,112,158</td>
<td>754,112,158</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>602,105,802</td>
<td>-</td>
<td>602,105,802</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$ 149,925,773</td>
<td>$ 656,361,441</td>
<td>$ 759,491,045</td>
<td>$ 1,565,778,259</td>
</tr>
</tbody>
</table>

LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>Auxilary</th>
<th>Restricted</th>
<th>GASB 34/35 Reporting &amp; Investment In Plant</th>
<th>Memorandum Totals Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 54,342,165</td>
<td>$ 5,643,620</td>
<td>4,023,938</td>
<td>64,009,723</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>4,503,195</td>
<td>1,872,705</td>
<td>-</td>
<td>6,375,900</td>
</tr>
<tr>
<td>Accrued compensable absences payable</td>
<td>6,275,562</td>
<td>320,833</td>
<td>-</td>
<td>6,596,395</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>972,008</td>
<td>-</td>
<td>972,008</td>
<td>-</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>-</td>
<td>581,510,036</td>
<td>-</td>
<td>581,510,036</td>
</tr>
<tr>
<td>Assets held in custody for others</td>
<td>-</td>
<td>6,047,665</td>
<td>-</td>
<td>6,047,665</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>65,120,922</td>
<td>596,366,867</td>
<td>4,023,938</td>
<td>665,511,727</td>
</tr>
</tbody>
</table>

FUND BALANCES:

| Unrestricted                                | 84,804,851          | - | 468,502,245 | 553,307,096 |
| Restricted                                  | -                   | 342,513  | 342,513 |
| Non grant agreements                        | -                   | 485,631  | 485,631 |
| Loans                                       | -                   | 27,637,001 | 285,504,904 | 313,141,905 |
| Restricted for construction                 | -                   | 31,529,429 | 1,459,958 | 32,989,387 |
| Debt service                                | -                   | 59,994,574 | 755,467,107 | 900,266,532 |
| TOTAL FUND BALANCES                         | 84,804,851          | 59,994,574 | 755,467,107 | 900,266,532 |

TOTAL LIABILITIES AND FUND BALANCES

| $ 149,925,773 | $ 656,361,441 | $ 759,491,045 | $ 1,565,778,259 |

Subject to change pending completion of the August 31, 2012 audit.
<table>
<thead>
<tr>
<th>Description</th>
<th>Ending BV 08/31/2012</th>
<th>Total Buys</th>
<th>Total Sells</th>
<th>Interest/Dividends</th>
<th>Ending BV 09/30/2012</th>
<th>Ending BV 09/30/2011</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>142,983</td>
<td>7,675</td>
<td>0</td>
<td>0</td>
<td>150,658</td>
<td>96,480</td>
</tr>
<tr>
<td>POOLS</td>
<td>16,932,193</td>
<td>5,354</td>
<td>8,565,756</td>
<td>5,354</td>
<td>8,371,792</td>
<td>68,600,757</td>
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<tr>
<td>AGENCIES</td>
<td>2,000,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,000,000</td>
<td>12,000,000</td>
</tr>
<tr>
<td>CERTIFICATE OF DEPOSIT</td>
<td>36,608,150</td>
<td>16,015,018</td>
<td>2,006,011</td>
<td>17,442</td>
<td>50,617,156</td>
<td>15,009,208</td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2988400</td>
</tr>
<tr>
<td>SOUTHSIDE MONEY MARKET</td>
<td>20,030,796</td>
<td>5,861</td>
<td>0</td>
<td>5,861</td>
<td>20,036,657</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total / Average</strong></td>
<td>75,714,122</td>
<td>16,033,909</td>
<td>10,571,768</td>
<td>28,657.85</td>
<td>81,176,264</td>
<td>98,694,845</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>5,050,762</td>
<td>9,463</td>
<td>0</td>
<td>9,463</td>
<td>5,060,226</td>
<td>5,018,613</td>
</tr>
<tr>
<td>DEBT SERVICE POOLS</td>
<td>3,898,045</td>
<td>604</td>
<td>187,386</td>
<td>604</td>
<td>3,711,264</td>
<td>4,182,717</td>
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<tr>
<td>AGENCIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,990,208</td>
</tr>
<tr>
<td>CAPITAL PROJECTS POOLS</td>
<td>49,935,215</td>
<td>8,227</td>
<td>0</td>
<td>8,227</td>
<td>49,943,440</td>
<td>69,804,013</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>58,884,021</td>
<td>18,295</td>
<td>0</td>
<td>18,295</td>
<td>58,714,930</td>
<td>83,995,552</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>134,598,143</td>
<td>16,052,204</td>
<td>10,571,768</td>
<td>46,953</td>
<td>139,891,194</td>
<td>182,690,397</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval to Purchase Custodial Supplies for the System

Chancellor’s Recommendation: That the Board of Trustees approves the purchase of custodial supplies for the System for an estimated $800,000 for the first year, with two one-year renewal options, for an estimated $2,400,000 over three years from the following vendors:

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ADDRESS</th>
<th>CATEGORIES AWARDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Point Sanitary Solutions</td>
<td>301 Garden Oaks Blvd. Houston, TX 77018</td>
<td>Paper, Chemicals, Discount from Catalog for Non-Core Items</td>
</tr>
<tr>
<td>Buckeye Cleaning Center</td>
<td>16420 West Hardy Road, Suite 150</td>
<td>Paper, Discount from Catalog for Non-Core Items</td>
</tr>
<tr>
<td>Interboro Packaging</td>
<td>114 Bracken Road Montgomery, NY 12549</td>
<td>Can Liners</td>
</tr>
<tr>
<td>Crown Paper &amp; Chemical</td>
<td>302 S. Frazier St., Conroe, TX 77301</td>
<td>Chemicals, Plastics, Discount from Catalog for Non-Core Items</td>
</tr>
<tr>
<td>Matera Paper</td>
<td>1809 Brittmore Rd., Houston, TX 77043</td>
<td>Paper</td>
</tr>
</tbody>
</table>

Rationale: Custodial supplies are required to support all college facilities. The recommendation for award is based on the most commonly used items summarized in four core categories (paper, chemicals, plastics and can liners) and a catalog discount applied to purchases of general supplies.

The term of this agreement will be for one year with the option to renew for two additional one-year terms based upon mutual consent, beginning in November 2012. The recommended vendors will hold pricing for core items for one year. The renewal options may be subject to reasonable price increases based on vendor justification and approval by System administration. The estimated cost is based on historical product usage over the previous 15 months.

This purchase is in compliance with Texas Education Code §44.031. A request for proposals (RFP #215) was issued to twenty-three (23) custodial supply vendors and nine (9) responses were received. Vendor proposals were evaluated based on item cost, quality of the goods (based on product samples), delivery lead times, vendor ability
to hold pricing for one year, vendor references, catalog discounts and value added offerings such as the availability of paper dispensers at no cost to the System. See the attached tabulations.

The award of this bid includes an option to discontinue purchasing from an awarded vendor and to award to the next Board approved bidder if awarded items are discontinued, the vendor is providing unsatisfactory service or the vendor is delivering inferior products. Should any of these situations arise, the vendor will be given due notice and adequate time to correct the problem.

<table>
<thead>
<tr>
<th>Fiscal Impact:</th>
<th>Funds for this purchase are included in the approved FY 2012-13 operating budgets. Funds for subsequent years will be included in future recommended budgets.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Resource:</td>
<td>Cindy Gilliam \hspace{1cm} 832-813-6512</td>
</tr>
<tr>
<td></td>
<td>Max</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Pricing - Core Items</td>
<td>25</td>
</tr>
<tr>
<td>Non-Core Items Discounts</td>
<td>20</td>
</tr>
<tr>
<td>Qualifications/ Experience</td>
<td>10</td>
</tr>
<tr>
<td>Long Term Costs</td>
<td>10</td>
</tr>
<tr>
<td>Reputation/References</td>
<td>10</td>
</tr>
<tr>
<td>HUB</td>
<td>10</td>
</tr>
<tr>
<td>Delivery</td>
<td>5</td>
</tr>
<tr>
<td>Value Added (paper and chemical dispensers at no cost)</td>
<td>5</td>
</tr>
<tr>
<td>Principal Place of Business</td>
<td>5</td>
</tr>
<tr>
<td>Total Score</td>
<td>88</td>
</tr>
</tbody>
</table>

*Vendor did not bid all items for liners and chemicals

** Vendor required a minimum order quantity
Financial Report and Consideration No. 3  (ACTION ITEM 2)  Board Meeting 11-1-12

Request: Consideration of Approval for Chancellor or Designee to Negotiate and Execute Amendment(s) to Extend the Texas Cooperative Purchasing Network (TCPN) Lease for Temporary Modular Building at LSC-Montgomery

Chancellor’s Recommendation: That the Board of Trustees approves the Chancellor or designee to negotiate and execute the necessary amendment(s) to extend the lease agreement for the temporary modular building at LSC-Montgomery from Williams Scotsman Corporation, 7915 F M 1960 West, Suite 115, Houston, Texas 77070, for a cost of $85,340, bringing the total estimated lease cost of this modular building to $506,465 over the five year and 10 month term.

Rationale: In September 2007, the Board of Trustees approved a two year agreement for the lease of a modular building from William Scotsman for LSC-Montgomery in the amount of $269,925. The initial term of this agreement was for a period of two years commencing December 2007 and ending in November 2009.

In December 2009, the Board of Trustees approved an amendment to the agreement extending the lease an additional two years through November 30, 2011 for $100,800. Since December 1, 2011, the System has been operating under a month-to-month extension at the same rate of $4,200 per month. The building is needed through August 31, 2013, so a formal amendment extending the lease agreement (including appropriate dismantling and return freight charges of $43,340) is required.

The modular buildings were designed to house the Audio Visual program and light and sound equipment has been built into the buildings. This built-in equipment cannot be relocated to a general classroom easily and students take classes in these modular buildings.

The college system has made a substantial investment in the delivery, installation and site preparation of these buildings. Therefore, it is requested to approve the extension of the agreement through August 31, 2013 which will provide sufficient time for LSC-Montgomery to find other accommodations within their permanent facilities. The monthly lease rate will remain the same.

In compliance with Texas Education Code §44.031 (a), (4) and Texas Local Government Code, §271.101-102, this purchase is being made utilizing the TCPN purchasing cooperative awarded contract #R5071.
Fiscal Impact: Funds for this purchase are included in the approved FY 2012-13 operating budget for the System.

Staff Resource: Austin Lane 936-273-7222
               Cindy Gilliam 832-813-6512
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute Necessary Easements and Agreements with Wet and Dry Utility Providers for LSC-Cypress Center

Chancellor’s Recommendation: That the Board of Trustees authorizes the Chancellor or designee to negotiate and execute any required wet and dry utility easements for LSC-Cypress Center.

Rationale: The May 10, 2008 bond election resulted in approval for LSCS to issue up to $420M in general obligation bonds for the purchase, new construction, repair and replacement, or renovation of land and facilities. LSC-Cypress Center is one of the new construction projects included in the 2008 general obligation bond. Easements are required for electrical power, natural gas, water, and waste services to this building.

New easements are required with Centerpoint Energy to provide primary electrical service and natural gas to the site. Easements may also be required with Harris County MUD 284 and other utility providers for services.

Fiscal Impact: No cost is associated with the granting of this easement. Funds connected with installation of the associated electrical and mechanical infrastructure are available from the 2008 general obligation bonds.

Staff Resource: Cindy Gilliam 832-813-6512
Request: Consideration of an Addition to the Approved 2012-13 Tuition and Fee Schedule

Chancellor’s Recommendation: That the Board of Trustees approves an addition to the 2012-13 tuition and fee schedule that would allow the total cost of the program to be bundled and charged to the student at a fixed total amount, including programs spanning more than one fiscal year.

Rationale: LSC-North Harris has partnered with CHI to offer a custom cosmetology program. The proposed tuition for the LSC-North Harris CHI School of Cosmetology is $14,000 for the Cosmetology Operator Program. The program will include a new State of the Art facility built in partnership with Farouk Systems. A market study was conducted with comparable Beauty Schools in the Houston area, and the tuition rate was determined and set based on those rates. The proposed tuition will also include all fees, supplies, and books for the program. The custom program is tailored for the partnership and branding with CHI/Farouk Systems and Lone Star College. In addition to the CHI program, administration is reviewing other programs where the same approach could provide an incentive for students to complete the program.

The 2012-13 approved tuition and fee schedule includes a fixed tuition rate and various fees based on the number of credit hours. The new proposed rate would be based on total costs of all courses required to complete the program, but could also include other costs, such as the ones listed above in the CHI program.

Fiscal Impact: The bundled program cost could span more than one fiscal year and would therefore be reported in the financial statements when earned or expended. Each bundled program cost would be charged to the student, at a minimum, the amount that would have been paid using the traditional credit hour tuition and fee rates.

Staff Resource: Steve Head 281-618-5444
Cindy Gilliam 832-813-6512
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Service Agreement Contract with Harris County Municipal Utility District (MUD) #284 and further authorize payment of required service fees to MUD #284 for Water, Sanitary Sewer and Storm Sewer Service for LSC-Cypress Center

Chancellor’s Recommendation: That the Board of Trustees authorizes the Chancellor or his designee to negotiate and execute a service agreement contract with MUD 284 and approve the payment of water, sanitary sewer, and storm sewer tap fees to Harris County Municipal Utility District #284, 1300 Post Oak Blvd., Suite 1400, Houston, TX 77056 for LSC-Cypress Center for an estimated amount of $220,000.

Rationale: Water, sanitary sewer, and storm sewer services are required to support construction and operation of the LSC-Cypress Center project which lies within the jurisdiction of MUD 284.

In accordance with Section 2C of the MUD’s Rate Order, a non-taxable user is required to pay capital recovery costs, tap fees, and the actual cost of providing the facilities necessary to furnish services to the non-taxable user that are to be fully or partially financed by the MUD’s tax bonds plus the actual cost of installing the taps and meters. These fees are required to be paid prior to connection to the MUD’s system.

Representations have been provided to the MUD by LSCS that development plans for the Tract are to include the construction of a bookstore, common areas, classroom facilities, and administrative offices requiring a total sanitary sewer capacity of 6,615 gallons per day, average daily flow, and related water capacity.

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

Staff Resource: Cindy Gilliam 832-813-6512
Report: Construction Projects Update

The District’s Facilities Planning and Construction Department has provided a summary report of the District’s construction projects. See attached report.
General Obligation Bond Project Summaries – 2008 Election:

- **LSC-Kingwood**
  - Construction of the child care center renovation was completed in mid-October.

- **LSC-CyFair**
  - Warranty item resolution is in progress.

- **LSC-Cypress Center**
  - Design work on the area road improvements required by Harris County has commenced.
  - Agreements for easements for electrical power, natural gas, and water systems are included in the November 2012 Board meeting for consideration of approval.
  - Construction has commenced and the under-slab utilities installation is complete. The building concrete slab is scheduled to be poured by the end of November.
  - The project is scheduled to be substantially complete by August 1, 2013 in time for the Fall 2013 semester.

- **LSC-University Park**
  - Construction of the new classrooms on level 7 of building 13 has begun. Walls have been framed and electrical conduits have been installed. HVAC ductwork installation is currently underway. The project is scheduled to be complete by early January 2013.
**Revenue Bond Project Summary**

- **Energy and Manufacturing Institute Building (EMI) at University Park**
  - The building program, associated floor layouts and associated details have been completed. Construction documents are currently underway.
  - An “Initial Guaranteed Maximum Price” (IGMP) is scheduled to be presented at the December 2012 Board meeting for consideration of approval.

**Auxiliary Project Summaries**

- **LSC-University Park**
  - University of Houston (Building 12, Level 7) – Construction has begun. Walls have been framed, electrical conduit has been installed, and new ductwork is being installed. The project is scheduled to be complete by early January 2013.
  - University of Houston (Building 10, Level 1) – The project is scheduled to be complete by early January 2013.
  - FMCU (Building 9, Level 1) – Construction has begun. The project is scheduled to be complete in January 2013.
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-North Harris, and LSC-University Park.

Fiscal Impact: Positions and salaries have been budgeted for 2012-2013.

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

Hamid Amnieh, Instructor, Engineer Technology

Effective: Twelve-month contracted employee at an annual salary of $57,550 beginning September 24, 2012.

Education: M.S. & B.S., Mechanical Engineering, University of Louisiana.

Experience: Computer Drafting and Design Instructor, ITT Technical Institute; Adjunct Faculty, Lone Star College System; Instructor, University of Houston; Design Engineer, RDG, Incorporated.

b. LSC-University Park

Hardeep Khehra, Director, EA/Portal

Effective: Twelve-month contracted employee at an annual salary of $88,128 beginning August 2, 2012.

Education: B.S., Information Technology, University of Phoenix.

Experience: Manager, Portal, and Program Coordinator-Web Team, Lone Star College System; Technical Director, HeavyGiant.com; Web Applications Developer, FWD International.

Clarence Keener, Director, Campus Solutions

Effective: Twelve-month contracted employee at an annual salary of $85,000 beginning September 16, 2012.

Education: A.A.S., Management, Lone Star College System.

Experience: User Services Manager-OTS, Lone Star College System; Information Technology Manager, Fidelity National Financial; Operations Manager-Network Operation Center, Service Delivery Manager, and Unit Manager-Network Operation Center, Getronics; Information Systems Analyst, U.S. Army Reserves.

Joe Bunton, CC Instructor, Energy & Manufacturing

Effective: Twelve month contracted employee at an annual salary of $56,103 beginning October 12, 2012.

Education: B.A., Professional Aeronautics, Embry-Riddle Aeronautical University.
Experience: Program Manager, Lone Star College System; Director-Special Projects, Director-Training and Development, and Senior Technician, TESCO Corporation; Top Drive Manager/Technician, and Drilling Rig Crew Member, Grey Wolf Drilling; Insurance Agent, Allstate Insurance Company; Inspector General of the National Training Center and Fort Irwin, Logistical Staff Officer, Company Commander Mechanize Infantry, Logistical Staff Officer, Aide-de-camp for the Assistant Division Commander, Detachment Commander-Supply and Transportation Battalion, Platoon Leader-Airmobile Infantry, and Attack Helicopter Pilot and Liaison Officer, U.S. Army.

Alyssa Guthrie, CE Instructor, ESOL

Effective: 4.5-month contracted employee at a semester pro-rated salary of $21,581 beginning October 1, 2012.

Education: M.A., TESOL, Azusa Pacific University; B.A., Art, Westmont College.

Experience: Assistant Professor, Dong-A University; Full-Time Instructor, RMIT International University-Vietnam, and Yang-En University-China; Teacher, International Virtual Learning Academy (Online); Curriculum Developer, Sheldon English Training Centre-Vietnam; Kindergarten Course Designer and Teacher, Kids’ Academy International School-Thailand.
Request: Consideration of Resignations

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

LSC-Kingwood

Norma Ticas, Program Director, Occupational Therapy Assistant
Effective September 1, 2012

LSC-North Harris

Linda Garcia, Assistant Dean, Center Instruction
Effective October 24, 2012

Marilyn Dement, Dean, Student Development
Effective November 26, 2012

Carol O’Connor, Professor, Emergency Medical Services
Effective January 31, 2013

LSC-University Park

Kenneth Shirey, Director Database Administration
Effective October 25, 2012

Staff Resource: Rand Key 832-813-6522
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–North Harris
Laura Trott

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