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 77381-4356
June 7, 2012
5:00 p.m.

PRESENT: Mr Randy Bates, 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

ABSENT: Dr David Holsey, Vice Chair

I. CALL TO ORDER: Mr Bates called the workshop and regular meeting of the Board of Trustees to order at 5:06 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 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 Shah Ardalain, Chief Executive Officer of LSC-University Park, introduced Dr. Lawrence Brandyburg, Vice President of Instruction and Student Services for LSC-UP. Mr Ardalain introduced Mike Mathews, Chief Strategist for Innovation and Entrepreneurship for LSC-UP who announced that Haley Barnett, LSC-UP student has earned first place in the undergraduate division of National Education Startup Challenge for her business plan and video submission.

Ms Good introduced Ms Meloneece Pitts, a radiology student at LSC-North Harris

Dr Audre Levy, president of LSC-CyFair introduced Kim Hubbard, Dean of Instruction and Matt Albrecht, Production Manager. Student performers Haleigh Harris and Reggie Choyce performed “Think of Me” and “All I Ask of You” from the LSC-CyFair production of Frank Lloyd Webber’s “Phantom of the Opera” for the Board and guests.

V. WORKSHOP: None

VI. CLOSED SESSION: At 5:14 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 Vogt entered the meeting at 5:17
Mr Wolfe entered the meeting at 5:20

VII. RECONVENE REGULAR MEETING: Mr Bates reconvened the open meeting at 6:37 p.m

VIII. APPROVAL OF THE MINUTES OF THE MAY 3, 2012 WORKSHOP AND REGULAR MEETING: Upon a motion by Mr Adam and a second to the motion by Ms Good, the Board approved the minutes of the May 3, 2012 Workshop and Regular Meeting. Mr Forester abstained.

IX. CITIZENS DESIRING TO ADDRESS THE BOARD: Dr John Burghduff speaking on behalf of the American Federation of Teachers, offered suggestions for future pay increases.

X. SPECIAL REPORTS AND ANNOUNCEMENTS:

1. Chancellor: The Chancellor stated that the Lone Star College Foundation’s Star Gala 2012 was a resounding success and raised more than $422,000 to fund student scholarships and system academic programs. The Gala was attended by more than 800 guests and paid tribute to several in the Lone Star College System community – Board Chair Randy Bates for his 20 years of service to the college system, Dr Joe McMillan, Lone Star College founding faculty member who is still teaching at LSC-North Harris, and Dr Joe A Airola, Lone Star College System’s first chancellor, who was honored posthumously.

Chancellor Carpenter announced that summer enrollment is unchanged from last summer at more than 36,000 students with LSC-University Park enrollment up 38%. Fall enrollment is trending up and is likely to be another record enrollment.

2. College Presidents: None.

3. Vice Chancellors: Mr Ray Laughter, vice chancellor of external affairs introduced Amy Welch, director of Completion by Design who presented an update on that initiative.

XI. CONSIDERATION OF THE CONSENT AGENDA: Item number 5 and Item number 12 were recommended to be considered separately. Item number 12 was corrected to reflect the funds for this purchase are included in the FY 2011-2012 operating budgets and will be offset with client revenue. The staff source should read Rand Key 832-813-6522. Mr Bates proceeded with the Consent Agenda. Ms Marquard made a motion to approve Action Items 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19 and 20. Ms Kelly seconded the motion and the Board unanimously passed the Consent Agenda. A copy is attached as Exhibit “B”

XII. POLICY CONSIDERATIONS:

1. Consideration of Approval of the Recommended Revisions of the Lone Star College System Board Policy Section C.2.01 Investment Management (SECOND READING) (ACTION
ITEM 1: the Board unanimously approved the recommended revisions of the Lone Star College System Board Policy Section C.2.01 Investment Management This item was passed in the Consent Agenda A copy is attached as Exhibit “C”

2 Consideration of Approval of the Rescinding Lone Star College System Board Policy Section VIII A.2.08 – Social Media (SECOND READING) (ACTION ITEM 2): the Board unanimously approved rescinding Lone Star College System Board Policy Section VIII A.2.08 – Social Media This item was passed in the Consent Agenda 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 month ended March 31, 2012 A copy is attached as Exhibit “E”

2 Consideration to Approve Resolution Authorizing the Chancellor and/or the Vice Chancellor, Administration and Finance/Chief Financial Officer to Negotiate and Execute any and all Contracts and Other Documents Incidental to Establishing Investment Accounts (ACTION ITEM 3): the Board unanimously approved the resolution authorizing the Chancellor and/or the Vice Chancellor, Administration and Finance/Chief Financial Officer to negotiate and execute any and all contracts and other documents incidental to establishing an investment account(s) for the purpose of purchasing financial institution investments including certificates of deposits (CD), negotiable order of withdrawal (NOW) and money market accounts This item was passed in the Consent Agenda A copy is attached as Exhibit “F”

3 Consideration of Adoption of Resolutions Authorizing Signatories for the System’s Accounts with the Local Government Investment Cooperative (LOGIC), Lone Star Investment Pool, TexPool, Encore Bank and Southside Bank (ACTION ITEM 4): the Board unanimously adopted the resolutions to designate Cynthia F. Gilliam, Vice Chancellor Administration and Finance/Chief Financial Officer, Tammy Cortes, Associate Vice Chancellor Administration and Finance, Mary Mbeche, Professional Analyst, and Mary “Katy” Holloway, Accountant Debt Management, as the authorized signatories to the System’s accounts with Local Government Investment Cooperative (LOGIC), Lone Star Investment Pool, TexPool, Encore Bank and Southside Bank This item was passed in the Consent Agenda A copy is attached as Exhibit “G”

4 Consideration of Approval of Tax Exemption Allowances for Tax Year 2012 (ACTION ITEM 5): upon a motion by Mr. Vogt and a second to the motion by Mr. Adam, the Board unanimously approved the following tax exemptions for the year 2012 for Harris, Montgomery and San Jacinto counties: Homestead exemption $5,000 or 1% (whichever is greater), Over 65 Exemption $75,000, Disability $75,000 Texas Property Tax Code Sec 11.13 mandates that the governing body of the taxing unit must adopt exemptions 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 Construction Services for the Replacement of the Roof at LSC-Greenspoint Center (ACTION ITEM 6): the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract for the purchase of construction services for the replacement of the roof at LSC-Greenspoint Center from Texas LiquaTech Services, Inc., 1819 Milby Street, Houston, TX 77003, for an estimated amount of $313,200 This item was passed in the Consent Agenda A copy is attached as Exhibit “I”
6 Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to Purchase Engineering Design Services for the System Renovation Projects (ACTION ITEM 7): the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract for the purchase of engineering design services for System renovation projects in an estimated amount of $750,000 over a three (3) year term for building commissioning with Infrastructure Associates, Inc, 6117 Richmond Ave, Suite 200, Houston, TX 77057 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Hutt Zollars, Inc, 1500 South Dairy Ashford, Suite 200, Houston, TX 77077 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Terracon Consultants, Inc, 11555 Clay Rd, Suite 100, Houston, TX 77043 For mechanical, electrical and plumbing with Chien Associates, Inc, dba CAI Consulting Engineers, 10700 Richmond Ave, Suite 145, Houston, TX 77042 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Infrastructure Associates, Inc, 6117 Richmond Ave, Suite 200, Houston, TX 77057 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Terracon Consultants, Inc, 11555 Clay Rd, Suite 100, Houston, TX 77043 For civil engineering design with Landtech, Inc, dba Landtech Consultants, Inc, 2525 North Loop West, Suite 300, Houston, TX 77008 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Infrastructure Associates, Inc, 6117 Richmond Ave, Suite 200, Houston, TX 77057 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Hutt Zollars, Inc, 1500 South Dairy Ashford, Suite 200, Houston, TX 77077 For structural engineering design with Matrix Structural Engineers, 24 Greenway Plaza, Suite 1508, Houston, TX 77046 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with ASA Dally, Inc, 9800 Richmond Ave, Suite 460, Houston, TX 77042 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Infrastructure Associates, Inc, 6117 Richmond Ave, Suite 200, Houston, TX 77057 For geotechnical and material testing with DAE & Associates, LTD, dba Geotech Engineering and Testing, 800 Victoria Dr, Houston, TX 77022 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Raba Kistner Consultants, Inc, 3602 Westchase Dr, Houston, TX 77042 If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end and proceed with Austin Reed, 6830 N Eldridge Pkwy, Suite 209, Houston, TX 77041 This item was passed in the Consent Agenda A copy is attached as Exhibit "J."

7 Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to Purchase Construction Services for the Renovation of the Child Care Center Facility at LSC-Kingwood (ACTION ITEM 8): the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract to purchase construction services for the renovation of the child care facility at LSC-Kingwood with JC Stonewall Constructors, LP, 13011 Mula Lane, Stafford, TX 77477 in the estimated amount of $155,000 This item was passed in the Consent Agenda A copy is attached as Exhibit "K"
8  Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract for Snack and Beverage Vending Services for the System (ACTION ITEM 9): the Board unanimously authorized the Chancellor or his designee to negotiate and execute a five (5) year contract to provide snack and beverage vending services for the System with The Compass Group dba Canteen Vending Services, 15951 Park Row, Houston, TX 77084, for an estimated total revenue of $2,438,000 over the five (5) 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 Designee to Negotiate and Execute a Contract for the Purchase of Temporary Employment and Training Services for the System (ACTION ITEM 10): the Board unanimously authorized the Chancellor or his designee to negotiate and execute a contract for the purchase of temporary employment and training services for an estimated annual amount of $2,100,000 from Taylor Smith Consulting, Staff-Solve, Inc., Meador Staffing, Kingwood Personnel, Superior Staff Resources, Snelling Staffing, Texcel Vision, Inc., AppleOne Employment, Precision Task Group, The Spearhead Group and ChaseSource. This item was passed in the Consent Agenda. A copy is attached as Exhibit "M".

10 Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contracts for the Purchase of Construction Cost Review Services for the System (ACTION ITEM 11): the Board unanimously authorized the Chancellor or his designee to negotiate and execute contracts for the purchase of construction cost review services for the System for an estimated total amount of $300,000 with Commercial Cost Control, Inc., 210 Gallant Ct., Colleyville, TX 76034, Fort Hill Associates, LLC, 101 Verdae Blvd., Suite 130, Box 310, Greensville, SC 29607, and R.L. Townsend & Associates, Inc., 5056 Tennyson Parkway, Suite 100, Plano, TX 75024. The initial term of the contract will be two (2) years with an option to renew for an additional three (3) one-year periods. This item was passed in the Consent Agenda. A copy is attached as Exhibit "N".

11 Consideration of Approval to Purchase Additional Manufacturing Resource (MRP) Training Services for Corporate College (ACTION ITEM 12): upon a motion by Ms. Kelly and a second to the motion by Mr. Wolfe, the Board unanimously approved the purchase of additional MRP training services for Corporate College in partnership with National Oilwell Varco (NOV) from Consultiques LLC, PO Box 17584, Sugar Land, TX 77496-7584 in an estimated amount of $100,000 for a total estimated amount of $199,999. A copy is attached as Exhibit "O".

12 Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to Execute Change Orders to the Construction Manager at Risk (CM-at-Risk) Agreement for Renovations at LSC-University Park (ACTION ITEM 13): the Board authorized the Chancellor or his designee to negotiate and execute change orders to the CM-at-Risk agreement with Morgan Texas, Inc., 350 N Sam Houston Parkway E., Suite 121, Houston, TX 77060, for renovations at LSC-University Park for an estimated amount of $3,000,000. This increases the total contract value to an estimated amount of $13,000,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit "P".

13 Consideration of Approval of the Continuing Education 2012-13 Tuition and Fee Schedule (ACTION ITEM 14): the Board unanimously adopted the Continuing Education Tuition and Fee Schedule for the 2012-2013 academic year. This item was passed in the Consent Agenda. A copy is attached as Exhibit "Q".

14 Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Agreement with Hilton Garden Inn for a Driveway Access and Egress Easement at LSC-
Fairbanks (ACTION ITEM 15): the Board unanimously authorized the Chancellor or his designee to negotiate and execute an agreement with Hilton Garden Inn, 14919 Northwest Freeway, Houston, TX 77040, for a controlled driveway access and egress easement at LSC-Fairbanks. This item was passed in the Consent Agenda. A copy is attached as Exhibit “R”

15 Consideration of Approval to Authorize the Chancellor or Designee to Purchase Workforce Program Lab Equipment with Funds Provided by the Texas Workforce Commission (ACTION ITEM 16): the Board unanimously authorized the purchase of workforce program lab equipment in the amount of $293,000 with funds provided by the Texas Workforce Commission. This item was passed in the Consent Agenda. A copy is attached as Exhibit “S”

16 Consideration of Approval to Add an ESOL Assessment Testing Fee (ACTION ITEM 17): the Board unanimously approved the addition of a $24 assessment testing fee for the ESOL battery of tests for students requiring an assessment of English language skills. This item was passed in the Consent Agenda. A copy is attached as Exhibit “T”

XIV. BUILDING AND GROUNDS REPORTS:

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

XV. PERSONNEL REPORTS AND CONSIDERATIONS:

1 Consideration of Ratification of Appointments (ACTION ITEM 18): the Board unanimously ratified the appointments as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “V”

2 Consideration of Acceptance of Resignations (ACTION ITEM 19): the Board unanimously accepted the resignations as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “W”

3 Consideration of Approval of Commissioning of Peace Officers (ACTION ITEM 20): the Board unanimously approved the commissioning of the following peace officers for Lone Star College System, LSC-Kingwood, Jesus Gutierrez and Nicolas Franklin, LSC-Montgomery, Melvin J Chebret, Jr., and LSC-University Park, Barbara J Morris. This item was passed in the Consent Agenda. A copy is attached as Exhibit “X”

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XVI. SUGGESTED FUTURE AGENDA ITEMS: None

XVII. ADJOURNMENT: There being no further business, the meeting was adjourned at 7:09 p.m.

ATTEST

[Signatures]

Board of Trustees, Chair

Board of Trustees, Secretary
Certification of Posting of Notice to the June 7, 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 4th day of June, 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 4th day of June, 2012

Richard Carpenter
Chancellor
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.

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Request: Consideration of Approval of the Recommended Revisions of the Lone Star College System Board Policy C.2.01 Investment Management (SECOND READING)

Chancellor's Recommendation: That the Board of Trustees reviews the recommended revisions of the Lone Star College System Board Policy C.2.01 Investment Management

Rationale: Annually, the board must adopt the Investment Policy and Strategy as required by both Board Policy C.2.01 Investment Management and the Government Code Section 2256.005(e) (Public Funds Investment Act). In conference with the System’s investment advisors, Valley View Consulting, LLP, the proposed Investment Policy would incorporate minor changes to wording along with the following changes:

Required by Public Funds Investment Act
- **Add:** A requirement for Investment Officers to obtain credit ratings each quarter for each held investment that has a minimum rating has been added to Section C 2.10-Downgrades
- **Change:** Section C 2.14-Training clarifies the timeline Investment Officers have to complete required training
- **Change:** Language has been added in Section C 2.18-Authorized Investments to clarify that obligations fully guaranteed or insured by the Federal Deposit Insurance Corporation are eligible as an authorized investment
- **Change:** The collateralization language for repurchase agreements in Section C 2.18-Authorized Investments has been changed to require a combination of cash and United States obligations.
- **Change:** In Section C 2.24, clarification of when the System’s portfolio is measured for compliance with maximum limits of types of securities has been included
- **Delete:** Section 2.28-Quarterly Reporting deletes a reference to generally accepted accounting principles and the requirement to report additions and changes in market value from the beginning of the period.

Recommended by System Investment Officers
- **Add:** Language has been added in Section C 2.06-Capital Projects to include consideration of risk constraints when investing bond funds. This provides an additional layer of scrutiny prior to investing
- **Add:** Investments in other governmental agencies has been added to Section C 2.18-Authorized Investments. These investments must meet certain standards as to quality and rating
- **Change:** Also in Section C 2.18-Authorized Investments, the description of local government investment pools has been changed to agree with the current structure of such pools
- **Change:** Mortgage-backed collateral is changed to have the same requirements as other collateral (102% of market value). This brings the policy in line with industry standards, currently, the System has experienced limited opportunities for investments within the banking industry due to the current policy's higher requirements for this type of collateral.

**Fiscal Impact:** A lower risk and an increased rate of return within the System's investment portfolio is expected, with no compromise to the safety of those investments.

**Staff Resource:**

- Cindy Gilliam 832-813-6512
- Richard Carpenter 832-813-6515
- Brian Nelson 832-813-6655
LONE STAR COLLEGE SYSTEM

Investment Management

LSCS Policy Manual Section adopted by the Board of Trustees on June 7, 2012

C.2.01 - Investment Management:
It is the policy of the System that after allowing for the anticipated cash flow requirements of the System and giving due consideration to the safety and risk of investment, all available funds, as reported in the System’s annual financial report, shall be invested in conformity with this Investment Policy and governing statutes, seeking to safeguard assets, maintain liquidity and optimize interest earnings.

Effective cash management is recognized as essential to good fiscal management and investment interest serves as a source of revenue to the System. The System's investment portfolio shall be designed and managed in a prudent manner to obtain reasonable revenue within the limitations of the System's cash flow needs, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Investments shall be made with the following objectives in priority order:

a. Safety and preservation of principal
b. Maintenance of sufficient liquidity to meet operating needs
c. Diversification
d. Public Trust, and
e. Optimization of earnings in the portfolio (Yield)

This Investment Policy extends to all financial assets under the direct control of the System.

C.2.02 - Purpose:
The purpose of this Investment Policy is to comply with the Public Funds Investment Act Chapter 2256 of the Texas Government Code (the "Act"), which requires that the System annually adopt a written investment policy regarding the investment of its funds and funds under its control. This Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the System's funds.

C.2.03 - Strategy:
The overall objective of the Investment Policy is to ensure that System financial assets are properly safeguarded, provide sufficient liquidity, diversification and produce a reasonable rate of return while enabling the System to react to changes in economic and market conditions.

The longer the maturity of investments, the greater the price volatility. Therefore, the System concentrates its investment portfolio in short and intermediate term investments to limit market risk caused by changes in interest rates. The System attempts to match its investments with anticipated cash flow requirements. Cash flow requirements generally divide the portfolio into four major parts: liquidity needs, short-term needs, intermediate-term needs, and longer-term,
LONE STAR COLLEGE SYSTEM

Investment Management

core investment The System will not invest in investments maturing more than three (3) years from the date of purchase.

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. “Weighted Average Yield to Maturity” shall be the standard for calculating portfolio rate of return.

The System commingles its operating, reserve and trust and agency funds into one investment portfolio for investment purposes of efficiency, accurate distribution of interest, and maximum investment opportunity. Although commingled, the System recognizes the unique characteristics and needs of the individual funds in its strategy statement and in the management of the funds. The maximum dollar weighted average maturity (WAM) of the entire commingled portfolio reflecting cash flow needs shall be no greater than one (1) year and the corresponding benchmark for the commingled portfolio shall be the comparable one year US Treasury security.

Capital Projects are managed separately in accordance with their anticipated expenditure schedules and bond document requirements.

C.2.04 - General Fund:
The General Fund includes all operating funds of the System including, but not limited to, the general fund, payroll fund, technology fund, student activity fee fund, repair and replacement fund, and the auxiliary fund. The primary investment strategy for this fund is to assure the preservation and safety of principal, and, secondly, that anticipated cash flows are matched with adequate investment liquidity. These objectives shall be accomplished by purchasing high credit quality, short-to-intermediate term investments matching cash flow requirements. All investments authorized by the Investment Policy are suitable. Funds not needed for short-term cash flow requirements will be invested in diversified instruments with diversified maturities and be readily marketable in the secondary market or, in the case of Certificates of Deposit, redeemable with or without penalty. Yield will be enhanced by the use of maturity extensions available within the confines of accurate cash flow projections and market cycle timing. Based on ongoing cash flow needs, the maximum weighted average maturity shall be one year. The maximum stated maturity will be three years.

2.05 - Restricted Fund:
The Restricted Fund includes local, state and federal grant funds as well as funds from other sources that are restricted for instructional use. The primary objectives are safety and liquidity sufficient to meet anticipated cash flow requirements as well as yield optimization. These objectives shall be accomplished by purchasing high credit quality, short-term investments, diversified by instrument and maturity, and matching the maturity of the investments with anticipated liabilities. Funds not needed for short-term cash flow requirements will be invested in diversified instruments with diversified maturities and be readily marketable in the secondary market or, in the case of Certificates of Deposit, redeemable with or without penalty. All investments authorized by the Investment Policy are suitable. A ladder of short-term investments.
LONE STAR COLLEGE SYSTEM

Investment Management

with sufficient liquidity from cash-equivalent investments may be used to maintain a maximum weighted average maturity of one year. The maximum stated maturity will be two years.

C.2.06 - Capital Projects:
The primary investment objective for the Capital Projects Fund is preservation and safety of principal. In addition, the System will seek to match cash flows from maturities and earnings of diversified investments to anticipated needs while obtaining a reasonable market yield. Investments will be made in an attempt to attain a rate equal to or above the arbitrage yield in order to avoid negative arbitrage, considering the appropriate risk constraints. These objectives shall be accomplished by purchasing high-credit quality, short and intermediate-term investments with maturities closely matching the projected cash flow schedules. Funds not needed for short-term cash flow requirements will be invested in diversified instruments with diversified maturities and be readily marketable in the secondary market or, in the case of Certificates of Deposit, redeemable with or without penalty. All investments authorized by the Investment Policy are suitable. The maximum maturity of an individual security shall not exceed the expenditure plan of the funds.

C.2.07 - Debt Service:
The investment strategy for the Debt Service Fund has as its primary objective the preservation and safety of capital while optimizing yield in order to fund debt service payments in accordance with provisions in the bond documents. Funds not required for immediate liquidity shall be invested in diversified instruments. All investments authorized by the Investment Policy are suitable. Each successive debt service payment shall be fully funded before extensions are made. The maximum maturity of an individual security shall not exceed three years and the maximum weighted average maturity of one year.

C.2.08 - Trust and Agency Fund:
The Trust and Agency Fund is comprised of local scholarship funds, club funds, and other funds for which the System acts as fiduciary and which have short average lives and high liquidity needs. The primary objectives are safety, liquidity, diversification, and yield. These objectives shall be accomplished by purchasing high quality, short-term investments and utilizing cash-equivalent investments for liquidity. All investments authorized by the Investment Policy are suitable. The maximum maturity shall be one year and the maximum weighted average maturity six months.

C.2.09 - Prudent Person Rule:
Investments shall be made, considering prevailing internal and market circumstances, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs not for speculation, but for investment, and considering the probable safety of capital as well as probable income from an investment decision.

In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall take into account the investment of all funds rather than a single investment, and, whether the investment decision was consistent with the System's Investment Policy.
C.2.10 - Downgrades:
Not less than quarterly, the Investment Officers will obtain from a reliable source the current credit rating for each held investment that has a PFIA-required minimum rating. The Investment Officers will meet to discuss any investment which has been downgraded or placed on credit-watch to evaluate and take any necessary and prudent measures to assure the safety of System funds. It is the policy of the System to liquidate as quickly as is prudently possible any investment that becomes unauthorized or loses its required credit rating while held in the System's portfolio.

C.2.11 - Delegation of Responsibility:
Authority to manage the System's investment program is derived from and delegated pursuant to provisions of the Act.

C.2.12 - Investment Officers:
The Board designates the Vice Chancellor for Administration and Finance/CFO and the Associate Vice-Chancellor for Administration and Finance as the System's Investment Officers. Management responsibility for the investment program is hereby delegated to the Investment Officers. The Investment Officers shall exercise judgment and care, under prevailing circumstances, which a prudent person would exercise in the management of the person's own affairs, but the Board retains ultimate fiduciary responsibility.

The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. The Investment Officers will report quarterly to the Board on investment results and annually on counter-parties used in the process.

No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Investment Officers. Investment Officers acting in good faith and in accordance with these Policies and Procedures shall be relieved of personal liability.

C.2.13 - Capability of Investment Officers:
The System shall provide access to periodic training in investments for Trustees and Investment Officers and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in compliance with the Act to insure the quality and capability of investment management.

C.2.14 - Training:
Members of the Board of Trustees and Investment Officers shall acquire at least the minimum hours of investment training required by the Texas Higher Education Coordinating Board within 6 months after taking office or assuming duties. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.
LONE STAR COLLEGE SYSTEM

Investment Management

Thereafter, Investment Officers shall additionally complete at least the minimum required hours of training not less than once each State fiscal biennium Training must be obtained from an independent source approved by the Board.

The Investment Officer shall prepare a report on the provisions of the Act and deliver it to the Board no later than the 180th day after the 1st day of each regular session of the Legislature.

C.2.15 - Ethics and Disclosure of Conflicts of Interest:
Investment Officers and employees of the System involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

All Investment Officers shall provide complete disclosure related to potential conflicts of interest annually or as conditions change. Investment Officers must file a disclosure statement with the Texas Ethics Commission and the Board if:
1. The Officer has a personal business relationship with a business organization offering to engage in an investment transaction with the System.
2. The Officer is related within the second degree by affinity or consanguinity, as determined by Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the System.

C.2.16 - Investment Providers:
The Investment Officers shall obtain and maintain information on all financial institutions and brokers/dealers authorized to transact financial transactions with the System. The information shall include the following, as applicable:
1. Audited annual financial statements.
2. Proof of Financial Industry Regulatory Authority membership and CRD number (as applicable).
3. Proof of registration with the Texas State Securities Board (as applicable).
4. Completed System questionnaire.

All investment providers (including but not limited to, financial institutions, broker/dealers, investment pools, mutual funds, and investment advisors) shall provide a certification that the authorized representative of the firm has received and thoroughly reviewed the System's current Investment Policy will be maintained in the treasury department. This statement shall certify that the firm has implemented reasonable procedures and controls in an effort to preclude transactions conducted with the System not authorized by the Investment Policy except to the extent that this authorization is dependent on the analysis of the makeup of the System's entire portfolio or requires interpretation of subjective investment standards.

C.2.17 - Annual Review:
The Investment Officers shall annually submit a list of brokers/dealers for Board approval. These institutions shall be selected for service, market involvement, and credit worthiness and be authorized to provide brokerage services. These may include primary dealers and regional...
LONE STAR COLLEGE SYSTEM

Investment Management

dealers that qualify under the Securities and Exchange Commission uniform net capital rule (Rule 15C3-1)

The Investment Officers shall annually review and evaluate the firms authorized to enter into investment transactions with the System. The following minimum criteria may be included in the review and evaluation:
1. Number of transactions competitively won/lost
2. Prompt and accurate confirmation of transactions
3. Efficiency of transaction settlement
4. Accuracy of market information
5. Account servicing

Subsequent to the review and evaluation, the Investment Officers shall recommend to the Board a list of firms to be authorized to enter into investment transactions with the System for the following year.

C.2.18 - Authorized Investments:
The following are authorized investments:
1. Obligations of the United States of America or its agencies and instrumentalities, excluding mortgage backed securities (MBS),
2. Certificates of Deposit, and other forms of deposit, issued by a depository institution that has its main office or a branch office in Texas and that is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner consistent with State law and the Investment Policy
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States government or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation, but excluding mortgage backed securities,
4. Direct obligations of the State of Texas, or its agencies and instrumentalities,
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent,
6. Fully collateralized repurchase agreements with a defined termination date secured by a combination of cash and obligations of the United States government or its agencies and instrumentalities including mortgage backed securities. Underlying securities shall be held in the System's name, deposited at the time the investment is made with the System, and held by an independent custodian approved by the System. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A mutually acceptable master repurchase agreement must be executed prior to the transaction.

Underlying securities shall have a continuous market value greater than or equal to 102 percent. The transaction shall have a maximum maturity of 120 days, except flexible repurchase agreements used for bond proceeds. The maximum maturity for a flexible repurchase agreement shall be matched to project cash flow projections and the requirements of the governing bond ordinance.
7 SEC registered Money Market Mutual Funds continuously rated AAAm, or an equivalent rating, by at least one nationally recognized rating service and in compliance with the requirements of the Act 
8 Local government investment pools in Texas which, 1) meet the requirements of the Act, 2) are rated no lower than AAA, or an equivalent rating, by at least one nationally recognized rating service, and 3) are authorized by resolution of the Board 
9 Commercial paper with a maximum maturity of 180 days, rated A1/P1, or an equivalent, by at least two nationally recognized credit rating agencies 
10 Other types of investments which may be authorized by statute are not authorized for investment by the System until the Investment Policy is amended and adopted by the Board 

The following are not authorized investments 
1 Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pay no interest, 
2 Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest, 
3 Collateralized mortgage obligations that have a stated final maturity of greater than 10 years and, 
4 Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index 

C.2.19 - Collateralization: 
Consistent with the requirements of the Public Funds Collateral Act (Texas Government Code §2257), it is the policy of the System to require full collateralization of all uninsured System financial institution deposits. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits less an amount insured by the FDIC. 

Securities pledged as collateral shall be held by an independent third party bank outside the holding company of the pledging bank, approved by the System, and under a mutually agreeable custodial agreement. 

The Vice Chancellor for Administration and Finance/CFO is authorized to execute depository and/or custodial agreements. The agreements shall specify the acceptable securities for collateral, including provisions relating to possession of the collateral, the substitution or release of securities with prior System approval, documentation of the pledge of securities, and the monthly reporting on the valuation of collateral. Original evidences of ownership (safekeeping receipt) must be supplied to the System and retained. The financial institution shall be contractually liable for monitoring and maintaining the required collateral and collateral margins at all times. 

Additionally, depository agreement shall define the System’s rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, specifically 
- the agreement must be in writing.
LONE STAR COLLEGE SYSTEM

Investment Management

- the agreement has to be executed by the financial institution and the System contemporaneously with the acquisition of the asset,
- the agreement must be approved by the Board of Directors or designated committee of the financial institution and a copy of the meeting minutes must be delivered to the System, and
- the agreement must be part of the depository’s “official record” continuously since its execution

C.2.20 - Authorized Collateral:
The System authorizes only the following types of collateral

1. Obligations of the United States or its agencies and instrumentalities including mortgage backed securities which pass the bank test,
2. Direct obligations of the State of Texas or its agencies and instrumentalities,
3. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than A or its equivalent
4. Letters of Credit issued by the United States or its agencies and instrumentalities

All collateral shall be subject to inspection and audit by the System's internal audit staff or by its independent auditors on a reasonable basis

C.2.21 - Independent Third Party:
All securities owned by the System and collateral pledged to the System shall be held by independent third party custodians approved by the System and held in the System's account as evidenced by original safekeeping receipts of the institution with which the securities are deposited

C.2.22 - Delivery versus Payment:
All security transactions, including repurchase agreements, shall be executed on a delivery versus payment basis

C.2.23 - Competitive Environment:
A competitive environment shall be established for all investment activities, including but not limited to, analysis of implemented strategies, review of investment alternatives, monitoring of market conditions, solicitation from multiple investment providers, adherence to applicable “bona fide solicitation” rules, and overall performance evaluation

Comparison and evaluation of comparables, but not formal bidding, may be used to invest in financial institution deposits, money market mutual funds, or local government investment pools

Bids/offers may be solicited orally, in writing, or electronically for securities and Certificates of Deposit. Records shall be kept of the prices/levels (bid and/or offered and accepted)

C.2.24 - Diversification:
LONE STAR COLLEGE SYSTEM

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The System recognizes that investment risks can result from issuer defaults, market price changes, or various complications leading to temporary illiquidity. Market risks are managed through portfolio diversification that shall be achieved within the following general guidelines:

a. Limiting investments to avoid over concentration in investments from a specific issuer or business sector, where appropriate.
b. Limiting investments with higher credit risk (such as commercial paper).
c. Investing in instruments with varying maturities and in accordance with the System’s cash flow projections, and
d. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, financial institution deposits, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

To assure diversification of the portfolio and reduce market risk, the following maximum limits (at time of purchase), by instrument, are established for the System’s total portfolio:

- US Treasury Obligations: 90%
- US Agencies and Instrumentalities: 90%
- Certificates of Deposit: 90%
- Repurchase Agreements (excluding bond proceeds): 50%
- Flexible Repurchase Agreements: 100% of bond proceeds
- Investment Pools: 100%
- Municipal Securities: 30%
- Commercial Paper: 25%
- Commercial Paper by issuer: 5%

C.2.25 Internal Controls:
The internal control structure shall be designed to provide reasonable assurance that System funds are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls established for the cash management and investment process shall address the following points at a minimum:

1. Complete documentation of all transactions
2. Control of collusion
3. Separation of accounting and record keeping
4. Custodial safekeeping
5. Clear delegation of authority to subordinate staff members
6. Written confirmation for all transactions
7. Timely reconciliation of transactions
8. Assurance of delivery versus payment and competitive bidding

C.2.26 — Compliance Audit:
LONE STAR COLLEGE SYSTEM

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In conjunction with the audit, the Vice Chancellor for Administration and Finance/CFO shall establish a process for independent review at least once every two years by an external auditor to assure compliance with policies and procedures.

C.2.27 - Monthly Reporting:
The Investment Officers shall prepare a monthly report on all investment positions as of the close of business for the prior month. The report shall be provided to the Board as an integral part of the monthly financial reports.

C.2.28 - Quarterly Reporting:
The Investment Officers shall prepare, sign and present an investment report to the Board on a quarterly basis that summarizes investment strategies employed in the most recent quarter, details the portfolio in terms of investments and earnings, and summarizes the overall strategy for the period.

The quarterly investment report shall include a summary statement of investment activity prepared in compliance with the Act. The reports will be prepared in a manner that will allow the reader and the System to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will include the following at a minimum:

1. A detailed listing of individual investments and depository accounts by maturity date at the end of the reporting period,
2. A summary of the portfolio by market sectors and maturities,
3. The beginning and ending book and market value of each security and position by the type of asset and fund type invested,
4. Unrealized market gains or losses at the end of the period,
5. The account or fund or pooled group fund for which each individual investment was acquired,
6. Average weighted yield to maturity of the portfolio as compared to its benchmark,
7. Interest earnings for the reporting period (accrued net of amortization),
8. Diversification by market sectors, and
9. Statement of compliance with the Act and the System’s Investment Policy and strategy as approved by the Board.

C.2.29 - Market Values:
Market values used in the monthly and quarterly reports will be obtained from reputable and independent sources. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisors, and representatives/advisors of investment pools or money market funds.

C.2.30 - Annual Policy Review and Adoption:
The Board of Trustees shall, not less than annually, adopt by resolution the System’s Investment Policy and incorporated investment strategy. The adopting resolution shall state any changes
LONE STAR COLLEGE SYSTEM

Investment Management

made to either the Investment Policy or strategies. Material changes to the Investment Policy will require re-certification by financial firms.

LSCS Policy Manual Section adopted by the Board of Trustees on
### Policy Consideration No. 2

**Request:** Consideration of Approval of the Rescinding Lone Star College System Board Policy Section VIII A 2 08 - Social Media (SECOND READING)

**Chancellor's Recommendation:** That the Board of Trustees rescinds Lone Star College System Board Policy Section VIII A 2 08 - Social Media

**Rationale:** On May 5, 2011 the Lone Star System Board of Trustees approved Board Policy Section VIII - Information Security. This new policy section was intended to preserve the security, confidentiality, integrity and availability of all forms of information used and maintained on behalf of faculty, staff, students, volunteers, contractors, university and K-12 partners, and any other groups, entities or individuals consistent with Lone Star College System's mission. Since the Board's approval, focus groups from across LSCS have expressed a desire to adopt guideline directives as opposed to formal policy in addressing social media issues. Due to the rapidly changing landscape in social media, LSCS’s interests would be best served by rescinding Board Policy Section VIII A.2.08 — Social Media — and replacing it with appropriate social media guidelines.

**Fiscal Impact:** None

**Staff Resource:**
- Brian Nelson
  - 832-813-6655
- Link Alander
  - 832-813-6832
Financial Report and Consideration No. 1

Report: Monthly Financial Statements

The financial statements for the month ended April 30, 2012 are presented for Board review.
HOW MUCH DO WE NEED IN RESERVES?

April: Revenues cover the next several months of expenditures.
## LONE STAR COLLEGE SYSTEM

Statement of Revenues and Expenditures  
General and Auxiliary Funds  
For the Eight Months Ended April 30, 2012  
Unaudited

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</th>
<th>FISCAL YEAR ACTUAL</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>PRIOR YEAR % ACTUAL TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$63,210,000</td>
<td>$39,686,546</td>
<td>62.79%</td>
<td>$35,871,327</td>
<td>61.29%</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>94,170,000</td>
<td>76,153,170</td>
<td>80.87%</td>
<td>62,690,841</td>
<td>81.86%</td>
</tr>
<tr>
<td>Taxes</td>
<td>97,850,000</td>
<td>101,064,779</td>
<td>103.29%</td>
<td>95,259,735</td>
<td>97.60%</td>
</tr>
<tr>
<td>Investments</td>
<td>500,000</td>
<td>188,669</td>
<td>37.73%</td>
<td>216,686</td>
<td>43.34%</td>
</tr>
<tr>
<td>Other</td>
<td>5,220,000</td>
<td>2,352,438</td>
<td>45.07%</td>
<td>2,733,355</td>
<td>60.29%</td>
</tr>
<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>
<tr>
<td>Total Current Operations Revenues</td>
<td>266,750,000</td>
<td>219,567,207</td>
<td>82.31%</td>
<td>199,558,490</td>
<td>82.21%</td>
</tr>
<tr>
<td>Auxiliary Revenues</td>
<td>10,000,000</td>
<td>5,170,061</td>
<td>51.70%</td>
<td>4,631,156</td>
<td>57.89%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>276,750,000</td>
<td>224,737,268</td>
<td>81.21%</td>
<td>204,189,646</td>
<td>81.43%</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**            |        |                   |                    |                   |                               |
| Instruction-Academic        | 68,061,403 | 47,831,957      | 70.28%             | 46,795,067        | 71.24%                        |
| Instruction-Workforce       | 27,717,474 | 19,718,416      | 71.14%             | 18,649,363        | 71.57%                        |
| Public Service              | 1,066,916  | 488,091         | 45.75%             | 561,495           | 51.00%                        |
| Academic Support            | 43,619,100 | 23,668,162      | 54.26%             | 23,210,515        | 56.40%                        |
| Student Services            | 31,690,335 | 18,308,511      | 58.14%             | 15,385,937        | 51.53%                        |
| Institutional Support       | 27,913,187 | 16,007,673      | 57.35%             | 15,502,256        | 55.83%                        |
| Plant Operation and Maintenance | 31,283,864 | 18,332,105      | 58.60%             | 17,072,406        | 55.89%                        |
| Staff Benefits              | 23,633,098 | 12,976,794      | 54.91%             | 7,292,079         | 52.54%                        |
| Growth Contingency          | 1,364,623  | -               |                    |                   |                               |
| **Total Educational and General Expenditures** | 256,150,000 | 157,331,709   | 61.42%             | 146,472,118       | 60.97%                        |
| Repair, Replacement and Other | 3,800,000   | 774,284        | 20.38%             | 1,113,518         | 33.64%                        |
| Internally Designated       | 10,000,000  | 3,759,392      | 37.59%             | 3,113,146         | 38.91%                        |
| **Total Expenditures**      | 269,950,000 | 161,865,385    | 59.96%             | 150,668,782       | 59.91%                        |
| Other Changes - Debt Service & Fund Transfers | 6,800,000    | 4,978,733      | 73.22%             | 4,165,004         | 68.73%                        |

### NET INCREASE (DECREASE) IN FUND BALANCES

<table>
<thead>
<tr>
<th></th>
<th>General Funds</th>
<th>Auxiliary Funds</th>
<th>TOTAL NET INCREASE (DECREASE) IN FUND BALANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>56,482,481</td>
<td>0 $ 57,932,150</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>1,410,669</td>
<td>0 $ 49,325,860</td>
</tr>
</tbody>
</table>
## LONE STAR COLLEGE SYSTEM

### Balance Sheet
April 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</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$32,615,144</td>
<td>$20,251,926</td>
<td>$5,524,600</td>
<td>$12,363,218</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>12,684,891</td>
<td>39,764,132</td>
<td>57,973,623</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>92,020,170</td>
<td>88,305,134</td>
<td>180,326,306</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>2,264,538</td>
<td>-</td>
<td>2,264,538</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>37,304</td>
<td>-</td>
<td>37,304</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount to be provided for retirement long-term debt</td>
<td>-</td>
<td>638,215,802</td>
<td>638,215,802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>-</td>
<td>724,862,064</td>
<td>724,862,064</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$139,622,047</td>
<td>$746,033,142</td>
<td>$730,387,666</td>
<td>$1,616,042,855</td>
<td></td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>LIABILITIES</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>$25,501,857</td>
<td>4,106,450</td>
<td>-</td>
<td>$29,608,307</td>
<td></td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>6,503,825</td>
<td>32,957,635</td>
<td>-</td>
<td>$39,461,460</td>
<td></td>
</tr>
<tr>
<td>Accrued compensable absences payable</td>
<td>6,245,930</td>
<td>342,430</td>
<td>-</td>
<td>6,588,360</td>
<td></td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
<td>5,738,463</td>
<td>-</td>
<td>5,738,463</td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>-</td>
<td>624,124,096</td>
<td>-</td>
<td>624,124,096</td>
<td></td>
</tr>
<tr>
<td>Assets held in custody for others</td>
<td>-</td>
<td>5,389,532</td>
<td>-</td>
<td>5,389,532</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>38,251,612</td>
<td>672,658,606</td>
<td>-</td>
<td>710,910,218</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND BALANCES</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>101,370,435</td>
<td>-</td>
<td>466,463,006</td>
<td>567,833,441</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>1,156,935</td>
<td>-</td>
<td>1,156,935</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>41,540,207</td>
<td>-</td>
<td>262,318,104</td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>-</td>
<td>30,191,763</td>
<td>-</td>
<td>1,606,556</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
<td>101,370,435</td>
<td>73,374,536</td>
<td>730,387,666</td>
<td>905,132,637</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES AND FUND BALANCES</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>$139,622,047</strong></td>
<td>$746,033,142</td>
<td>$730,387,666</td>
<td>$1,616,042,855</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# LONE STAR COLLEGE SYSTEM
## SUMMARY OF INVESTMENTS
### AS OF APRIL 30, 2012

<table>
<thead>
<tr>
<th>Description</th>
<th>Ending RV 03/31/2012</th>
<th>Total Buys</th>
<th>Total Sells</th>
<th>Interest/Dividends</th>
<th>Ending RV 04/30/2012</th>
<th>Ending RV 04/30/2011</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>144,812</td>
<td>0</td>
<td>4,882</td>
<td>0</td>
<td>139,930</td>
<td>499,711</td>
</tr>
<tr>
<td>POOLS</td>
<td>58,871,692</td>
<td>28,621</td>
<td>5,583,973</td>
<td>13,191</td>
<td>53,316,341</td>
<td>62,700,060</td>
</tr>
<tr>
<td>AGENCIES</td>
<td>2,000,000</td>
<td>0</td>
<td>0</td>
<td>7,000</td>
<td>2,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>CERTIFICAT OF DEPOSIT</td>
<td>26,546,549</td>
<td>4,540</td>
<td>0</td>
<td>4,540</td>
<td>26,551,944</td>
<td></td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>2,996,472</td>
<td>0</td>
<td>0</td>
<td>2,997,922</td>
<td>14,981,000</td>
<td></td>
</tr>
<tr>
<td>SOUTHSIDE MONEY MARKET</td>
<td>7,012,285</td>
<td>1,748</td>
<td>0</td>
<td>1,748</td>
<td>7,014,033</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total/Average</strong></td>
<td>97,571,810</td>
<td>34,910</td>
<td>5,588,854</td>
<td>26,479,24</td>
<td>92,020,170</td>
<td>94,180,771</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>5,037,610</td>
<td>3,726</td>
<td>0</td>
<td>0</td>
<td>5,041,335</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>DEBT SERVICE POOLS</td>
<td>18,663,384</td>
<td>19,027,132</td>
<td>0</td>
<td>4,084</td>
<td>19,027,132</td>
<td>16,585,343</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>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,989,650</td>
</tr>
<tr>
<td>CAPITAL PROJECTS POOLS</td>
<td>65,214,538</td>
<td>13,925</td>
<td>991,797</td>
<td>13,925</td>
<td>64,236,667</td>
<td>121,712,315.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>88,915,531</td>
<td>19,044,783</td>
<td>991,797</td>
<td>18,008</td>
<td>88,305,134</td>
<td>148,287,308</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>186,487,341</td>
<td>19,079,693</td>
<td>6,580,651</td>
<td>44,487</td>
<td>180,325,304</td>
<td>242,468,079</td>
</tr>
</tbody>
</table>
Financial Report and Consideration No. 2 (ACTION ITEM 3)  Board Meeting 6-7-12

Request
Consideration to Approve Resolution Authorizing the Chancellor and/or the Vice Chancellor, Administration & Finance/Chief Financial Officer to Negotiate and Execute any and all Contracts and Other Documents Incidental to Establishing Investment Accounts

Chancellor's Recommendation
That the Board of Trustees approves a resolution of the Lone Star College System authorizing the Chancellor and/or the Vice Chancellor Administration & Finance/Chief Financial Officer to negotiate and execute any and all contracts and other documents incidental to establishing an investment account(s) for the purpose of purchasing financial institution investments including certificates of deposits (CD), negotiable order of withdrawal (NOW) and money market accounts

Rationale
In the current economic environment, properly documented and collateralized financial institution deposits represent a safe, attractive investment option over securities and investment pools. Yields for security and investment pools are near historic lows with limited probability for near-term improvement. The table below compares the yields of LSCS’s investment options:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Year Non-Callable Government Security</td>
<td>0 25%</td>
</tr>
<tr>
<td>One Year CD</td>
<td>+/- 0.50%</td>
</tr>
<tr>
<td>Two Year Non-Callable Government Security</td>
<td>0 35%</td>
</tr>
<tr>
<td>Two Year CD</td>
<td>+/- 70%</td>
</tr>
<tr>
<td>Investment Pools</td>
<td>0 10% to 0.25%</td>
</tr>
<tr>
<td>Money Market and NOW Accounts</td>
<td>0 25% to 0.35%</td>
</tr>
</tbody>
</table>

Currently, the Board of Trustees must execute contracts or documents required to establish investment accounts at financial institutions to take advantage of the higher yield investments. Given the Board only meets once a month, deposits can be delayed resulting in lost investment earnings at the higher yield. LSCS' investment advisor, Valley View Consulting, is recommending that the Board approve the Chancellor or designee to execute these contracts and documents to improve the timing of the deposits and maximize investment earnings.

Staff will continue to follow the investment policy in choosing investments and the Board will continue to review the investment transactions on a quarterly basis.

Fiscal Impact
With a total portfolio in excess of $200 million, each 0.05% yield increase augments annual interest earnings by $100,000

Staff Resources
Cindy Gilliam  832-813-6512
<table>
<thead>
<tr>
<th><strong>Financial Report and Consideration No. 3</strong> (ACTION ITEM 4)</th>
<th><strong>Board Meeting 6-7-12</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Request</strong></td>
<td>Consideration of Adoption of Resolutions Authorizing Signatories for the System's Accounts with the Local Government Investment Cooperative (LOGIC), Lone Star Investment Pool, TexPool, Encore Bank and Southside Bank</td>
</tr>
<tr>
<td><strong>Chancellor's Recommendation</strong></td>
<td>That the Board of Trustees adopts resolutions to designate Cynthia F Gilliam, Vice Chancellor Administration &amp; Finance/Chief Financial Officer, Tammy Cortes, Associate Vice Chancellor Administration &amp; Finance, Mary Mbeche, Professional Analyst, and Mary &quot;Katy&quot; Holloway, Accountant Debt Management, as the authorized signatories to the System's accounts with the Local Government Investment Cooperative (LOGIC), Lone Star Investment Pool, TexPool, Encore Bank and Southside Bank</td>
</tr>
<tr>
<td><strong>Rationale</strong></td>
<td>Board Policy designates the Vice Chancellor Administration &amp; Finance/Chief Financial Officer as the System's Investment Officer and authorizes her to delegate authority for investment activities. It is appropriate for the above positions to have signatory authority over the System's accounts with the Local Government Investment Cooperative (LOGIC), Lone Star Investment Pool, TexPool, Encore Bank and Southside Bank</td>
</tr>
<tr>
<td><strong>Fiscal Impact</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Staff Resource</strong></td>
<td>Cynthia Gilliam 832-813-6512</td>
</tr>
</tbody>
</table>
Financial Report and Consideration No. 4  (ACTION ITEM 5)  Board Meeting 6-7-12

Request  Consideration of Approval of Tax Exemption Allowances for Tax Year 2012

Chancellor’s Recommendation: That the Board of Trustees approve the following tax exemptions for the year 2012 for Harris, Montgomery and San Jacinto counties

- Homestead Exemption $5,000 or 1% (whichever is greater)
- Over 65 Exemption $75,000
- Disability $75,000

Texas Property Tax Code Sec 1113 mandates that the governing body of the taxing unit must adopt exemptions

Rationale: The Tax Assessors for Harris and Montgomery Counties have requested formal Board adoption of exemptions for the 2012 tax year

These exemptions remain the same as they were for the 2011 tax year. Taxpayers who are eligible for the Over 65 or Disability exemption will also automatically qualify for a “tax freeze” (actual dollar amount owed is frozen as of the date the taxpayer qualifies), as approved by the Board of Trustees in September, 2006

Fiscal Impact: The 2012 proposed tax rate, scheduled for consideration in August or September, will take into consideration the impact of these exemptions, and the proposed rate will ensure that adequate tax revenues will be generated to support the adopted budgets

Staff Resource: Cynthia Gilliam  832-813-6512
Financial Report and Consideration No. 5 (ACTION ITEM 6)  Board Meeting 6-7-12

Request
Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract for the Purchase of Construction Services for the Replacement of the Roof at LSC-Greenspoint Center

Chancellor’s Recommendation
That the Board of Trustees authorizes the Chancellor or designee to negotiate and execute a contract for the purchase of construction services for the replacement of the roof at LSC-Greenspoint Center from Texas LiquaTech Services, Inc., 1819 Milby Street, Houston, TX 77003, for an estimated amount of $313,200

Rationale
The roof of the LSC-Greenspoint Center has exceeded the estimated useful life of roofs. Leaks in the roof are causing water damage to the interior of the building. Patching of identified leaks has been completed on numerous occasions, however, major leaks continue to be identified following each rain storm.

This project will include the removal of the existing roof and will replace it with a new built-up modified bitumen roofing system. This will include the removal of any abandoned piping systems and equipment supports, and the replacement of the roof hatch, flashing, and all other incidental roof-related waterproofing assemblies.

This purchase is in compliance with the requirements of Texas Government Code 2267.155. Requests for competitive sealed proposals (CSP) were sent to fifty-two (52) roofing and general contracting firms and four (4) responses were received. Vendor proposals were evaluated and ranked based on cost, company profile including history and experience in completing similar projects, vendor qualifications, references, level of participation by Historically Underutilized Businesses, proposed major sub-contractors, safety record, financial strength and completeness and thoroughness of the proposal (see attached tabulation). The award recommendation is to the bidder with the highest score.

Fiscal Impact
The System will be reimbursed by the Tax Increment Reinvestment Zone (TIRZ) Fund following project completion.

Staff Resource
Steve Head 281-618-5444
Cindy Gilliam 832-813-6512
## CSP #189 – LSC-Greenspoint Center Roof Replacement

### Tabulation

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Sea-Breeze Roofing, Inc</th>
<th>Texas LiquaTech Services, Inc</th>
<th>PRC Roofing Company Inc</th>
<th>Royal American Services, Inc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Price</td>
<td>$312,000</td>
<td>$313,180</td>
<td>$364,943</td>
<td>$469,732</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Max Points</th>
<th>Texas LiquaTech</th>
<th>PRC Roofing</th>
<th>Sea Breeze Roofing</th>
<th>Royal American</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Cost Fee</td>
<td>45</td>
<td>44</td>
<td>38.5</td>
<td>45</td>
<td>29.9</td>
</tr>
<tr>
<td>The Offeror's Experience/Reputation (References)</td>
<td>15</td>
<td>14</td>
<td>15</td>
<td>14.2</td>
<td>15</td>
</tr>
<tr>
<td>The Quality of the Offeror's Goods/Services</td>
<td>5</td>
<td>5</td>
<td>3.6</td>
<td>2.8</td>
<td>4</td>
</tr>
<tr>
<td>HUB</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Safety Record</td>
<td>5</td>
<td>44</td>
<td>5</td>
<td>4</td>
<td>4.1</td>
</tr>
<tr>
<td>Proposed Lead Personnel</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Financial Strength</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Any other relevant factor specifically listed in this CSP (Company Profile)</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>99</td>
<td>92.1</td>
<td>82</td>
<td>67</td>
</tr>
<tr>
<td>Ranking</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
Financial Report and Consideration No 6 (ACTION ITEM 7)  Board Meeting 6-7-12

Request  
Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to Purchase Engineering Design Services for System Renovation Projects

Chancellor’s Recommendation  
That the Board of Trustees authorizes the Chancellor or Designee to negotiate and execute a contract for the purchase of engineering design services for System renovation projects in an estimated amount of $750,000 over a three (3) year term with the firms listed below

The System will negotiate with the first ranked firm for each category based on a defined scope of work. If the System is unable to negotiate a fair and reasonable price, or the firm is unable to meet the System’s project schedule, negotiations will end with that firm and proceed with the next highest ranked firm until a price and schedule can be agreed upon.

<table>
<thead>
<tr>
<th>Firm Ranking</th>
<th>Building Commissioning</th>
<th>Mechanical, Electrical, Plumbing</th>
<th>Civil</th>
<th>Structural</th>
<th>Geotechnical &amp; Material Testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Infrastructure Associates, Inc , 6117 Richmond Ave, Suite 200, Houston, TX 77057</td>
<td>Chen Associates, Inc, dba CAI Consulting Engineers, 10700 Richmond Ave, Suite 145, Houston, TX 77042</td>
<td>Landtech, Inc dba Landtech Consultants, Inc , 2525 North Loop West, Suite 300, Houston, TX 77008</td>
<td>Matrix Structural Engineers, 24 Greenway Plaza, Suite 1508, Houston, TX 77046</td>
<td>DAE &amp; Associates, LTD, dba Geotech Engineering and Testing, 800 Victoria Dr, Houston, TX 77022</td>
</tr>
<tr>
<td>2</td>
<td>Hutt Zollars, Inc, 1500 South Dairy Ashford, Suite 200, Houston, TX 77077</td>
<td>Infrastructure Associates, Inc , 6117 Richmond Ave, Suite 200, Houston, TX 77057</td>
<td>Infrastructure Associates, Inc , 6117 Richmond Ave, Suite 200, Houston, TX 77057</td>
<td>ASA Daily, Inc, 9800 Richmond Ave, Suite 460, Houston, TX 77042</td>
<td>Raba Krister Consultants, Inc, 3602 Westhause Dr, Houston TX 77042</td>
</tr>
<tr>
<td>3</td>
<td>Terracon Consultants, Inc, 11555 Clay Rd, Suite 100, Houston, TX 77043</td>
<td>Terracon Consultants, Inc , 11555 Clay Rd, Suite 100, Houston, TX 77043</td>
<td>Hutt Zollars, Inc , 1500 South Dairy Ashford, Suite 200, Houston, TX 77057</td>
<td>Infrastructure Associates, Inc , 6117 Richmond Ave Suite 200, Houston, TX 77057</td>
<td>Austin Reed, 6830 N Eldridge Pkwy, Suite 209, Houston TX 77041</td>
</tr>
</tbody>
</table>

Rationale  
Texas Occupations Code sections 1051.703 and 1001.503 require the professional seal of a registered engineer for public works projects involving electrical or mechanical engineering costing more than $8,000 and for projects not involving electrical or mechanical engineering costing...
more than $20,000. In addition, sealed and signed engineered drawings are required by jurisdictional entities to obtain building permits.

This approval will expedite the response time for small construction projects valued between $25,000 and $500,000 that will require the use of engineering services.

In compliance with the provisions of Texas Government Code 2254.003, the System issued a request for statement of qualifications (RFQ#185) to thirty-one (31) interested firms and seventeen (17) responses were received.

The evaluation of responses utilized a two-step process. Qualifications statements were evaluated based on engineering firm experience, credentials and experience of assigned staff, level of participation by Historically Underutilized Businesses, location of home office, the firm’s ability to complete services within the requested timelines and relevant references for similar work.

The ten highest-scoring firms were interviewed and three firms within each category receiving the highest scores in the interviews are being recommended.

In instances where specialty consultants are required, the System will procure those services utilizing a separate RFQ process.

**Fiscal Impact**

Funds for these services are included in the proposed FY 2011-12 repair and replacement and operating budgets, and surplus bond funds. Funds for subsequent years will be included in future proposed budgets.

**Staff Resource**

Cindy Gilliam

832-813-6512
Financial Report and Consideration No. 7  (ACTION ITEM 8)  Board Meeting 6-7-12

Request  Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to Purchase Construction Services for the Renovation of the Child Care Facility at LSC-Kingwood

Chancellor’s Recommendation  That the Board of Trustees authorizes the Chancellor or designee to negotiate and execute a contract to purchase construction services for the renovation of the child care facility at LSC-Kingwood with JC Stonewall Constructors, LP, 13011 Mula Lane, Stafford, TX 77477, in the estimated amount of $155,000

Rationale  LSC-Kingwood child care service is currently providing services from Monday through Thursday from 5 p.m. to 10 p.m. for children four to twelve years of age.

The Kingwood campus has grown from an enrollment of 7,918 in 2007 to 12,057 in 2011. Based on campus demographics, women continue to comprise 65% of the student population with an average age of 24 years. Child care service is a necessity to facilitate the student learning process, improve student retention, accommodate robust enrollment growth and ensure student success.

Due to the growth and needs of the student population, a more professional facility providing a higher level of expertise, oversight and expert leadership for child care services is required. This renovation project will create a safe and enriching environment to accommodate up to 40 children, broaden the eligible age-range to three years and older and change the hours of operations to 7 a.m. to 4 p.m. daily. The YMCA will be taking over the day-to-day management of the new child care center.

This purchase is in compliance with the requirements of Texas Government Code 2267.155. Requests for competitive sealed proposals were sent to twenty-one (21) general contracting firms and two (2) proposals were received. The recommended vendor is the low bidder meeting all specification requirements, including the use of a subcontractor from the Choice Facility Partners (CFP) Purchasing Cooperative who will be performing the Heating Ventilation and Air Conditioning (HVAC) portion of the work.

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

Staff Resource  Katherine Persson  281-312-1640
    Cindy Gilliam  832-813-6512
Financial Report and Consideration No. 8  (ACTION ITEM 9)  Board Meeting 6-7-12

Request
Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract for Snack and Beverage Vending Services for the System

Chancellor’s Recommendation
That the Board of Trustees authorize the Chancellor or Designee to negotiate and execute a five (5) year contract to provide snack and beverage vending services for the System with The Compass Group DBA Canteen Vending Services, 15951 Park Row, Houston, Texas 77084, for an estimated total revenue of $2,438,000 over the five (5) year term

Rationale
Snack and beverage vending services are offered as a convenience to students, faculty and staff across the System and represent the only food service option at the satellite centers. The vendor will provide various brands of snacks and a full menu of beverage products including Coke, Pepsi and Dr Pepper. The term of the agreement will be for a period of five (5) years beginning September 2012.

In compliance with the requirements of Texas Education Code (44.031), Request for Proposal (RFP) notices were issued to twenty-two (22) snack and vending services companies and eleven (11) responses were received.

Respondents were requested to submit proposals for full service vending services or in conjunction with beverage and snack partners. Most respondents submitted full vending service proposals and three (3) vendors offered value-added incentives. The major national bottling companies (Pepsi and Dr Pepper) submitted proposals only for the beverage portion of the requirements.

Based on the initial evaluation of proposals, three firms were selected for in-person presentations. The presentation receiving the highest score was made by Canteen Vending Services. The firm’s proposal satisfies the System’s quality and service needs and will produce the highest amount of revenue for the System. The Canteen Vending Services proposal also includes a student intern program, annual contributions to student scholarships in the amount of $10,000, and a Decor and Construction contribution in the amount of $25,000 over the 5 year term.

Fiscal Impact
Projected vending commissions will be included in future recommended budgets for the Auxiliary Fund

Staff Resource
Cindy Gilliam  832-813-6612
### RFP #187 - Beverage and Snack Vending Services

#### Tabulation

<table>
<thead>
<tr>
<th>Vendor Proposals</th>
<th>Canteen Vending Services</th>
<th>Custom Food Group</th>
<th>Fresh Brew Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed annual guarantee</td>
<td>$413,678</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Projected 2013 annual gross sales</td>
<td>$1,250,000</td>
<td>$1,250,000</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>Commission rate</td>
<td>35.30%</td>
<td>34.00%</td>
<td>35.10%</td>
</tr>
<tr>
<td>Estimated annual return</td>
<td><strong>$441,000</strong></td>
<td><strong>$425,000</strong></td>
<td><strong>$439,000</strong></td>
</tr>
<tr>
<td>Proposal evaluation scores (100)</td>
<td>93</td>
<td>90</td>
<td>79</td>
</tr>
<tr>
<td>Estimated 5-year return with 5% growth</td>
<td><strong>$2,438,000</strong></td>
<td><strong>$2,348,000</strong></td>
<td><strong>$2,424,000</strong></td>
</tr>
<tr>
<td>Proposal Score</td>
<td>93</td>
<td>90</td>
<td>79</td>
</tr>
<tr>
<td>Presentation Score</td>
<td>96</td>
<td>72</td>
<td>62</td>
</tr>
</tbody>
</table>
Financial Report and Consideration No. 9 (ACTION ITEM 10)  

Board Meeting 6-7-12

Request

Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract for the Purchase of Temporary Employment and Training Services for the System

Chancellor’s Recommendation

That the Board of Trustees authorizes the Chancellor or designee to negotiate and execute a contract for the purchase of temporary employment and training services for an estimated annual amount of $2,100,000 from the following vendors

Taylor Smith Consulting  
Meador Staffing  
Superior Staff Resources  
TexcelVision Inc  
Precision Task Group  
ChaseSource

Staff-Solve, Inc  
Kingwood Personnel  
Snelling Staffing  
AppleOne Employment  
The Spearhead Group

Rationale

The System requires the use of temporary employment services to provide departments with sufficient staffing to continue normal operations during employee vacancies, vacations and/or illnesses. In addition, temporary staffing is needed to enable departments to meet deadlines and complete projects quickly and effectively during peak periods. The System’s workforce programs, Continuing Education and Corporate College also require the use of temporary services to meet customer training demands. The multi-vendor award will facilitate continuous availability of service providers within short timelines and meet the multiple skill requirements of the System’s operating units.

In compliance with the requirements of Texas Education Code §44 031, a notice of request for proposals (RFP) was issued to fifty-seven (57) temporary employment and training agencies and fifteen (15) responses were received.

Proposals were evaluated based on hourly rates provided for each job classification, the vendor’s ability to provide temporary services to all System locations, the vendor’s overhead markup and buyout rates, availability of training disciplines, multiple campus discounts, quality control plan, vendor references, employee processing procedures and security, background and employment verifications and overall completeness of the proposal.
To ensure continuous availability of service providers on a short notice, the evaluation committee’s recommendation is to award to the top eleven (11) vendors with the highest evaluation scores as reflected in the attached tabulation. The term of the award is for an initial three (3) years with the option to renew for two (2) additional one-year terms based upon mutual consent. The term of the award is effective upon approval and supersedes existing contracts, as indicated in the RFP document.

| Fiscal Impact | Funds for these purchases are included in FY 2011-12 budgets. Future purchases will be included in future proposed budgets. |
| Staff Resource | Rand Key | 832-813-6522 |
| | Cindy Gilliam | 832-813-6512 |
## RFP #191A - Temporary Employment & Training Services

### Tabulation

<table>
<thead>
<tr>
<th>Vendor Proposals</th>
<th>Taylor Smith</th>
<th>Mendal Staffing</th>
<th>Superior Staff Resources</th>
<th>Texcel Vision</th>
<th>Precision Task Group</th>
<th>Chase Source</th>
<th>Staff-Solve</th>
<th>Kingwood Personnel</th>
<th>Snelling Staffing</th>
<th>Apple One</th>
<th>Spearhead Group</th>
<th>E-Consulting</th>
<th>PPG People Source</th>
<th>Software Guidance</th>
<th>Eagle Support Sves</th>
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</thead>
<tbody>
<tr>
<td>Accounting (clerical to supervisory)</td>
<td>$1175-$13</td>
<td>$11-$20</td>
<td>$12-$13</td>
<td>$11-$13</td>
<td>No Bid</td>
<td>$12-$17</td>
<td>$11-$12</td>
<td>$12-$20</td>
<td>$12-$15</td>
<td>$12-$16</td>
<td>$11.75-$15</td>
<td>$20-$25</td>
<td>$14.50-$17</td>
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<td>$11.75-$13</td>
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<tr>
<td>Legal (clerical)</td>
<td>$13-$17</td>
<td>$16-$18</td>
<td>$12-$14</td>
<td>$12-$14</td>
<td>No Bid</td>
<td>$16.18-$22</td>
<td>$12</td>
<td>$15</td>
<td>$16</td>
<td>$17</td>
<td>$13.75</td>
<td>No Bid</td>
<td>$17.25-$20</td>
<td>No Bid</td>
<td>$13.75</td>
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<tr>
<td>Custodial (laborer to supervisor)</td>
<td>$8-$12</td>
<td>$10-$16</td>
<td>No Bid</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$11.27-$27</td>
<td>$10-$14</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$8.50-$12</td>
<td>No Bid</td>
<td>$8-$19</td>
<td>No Bid</td>
<td>$8-$12</td>
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<tr>
<td>Training (basic skills to IT programming)</td>
<td>$18</td>
<td>No Bid</td>
<td>$65-$85</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$23-$47</td>
<td>No Bid</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$25-$65</td>
<td>$125</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$18</td>
<td></td>
</tr>
</tbody>
</table>

### Proposal Evaluation

| Cost of Service (20 points) | 16.5 | 16.2 | 19.3 | 17.5 | 13.4 | 16.8 | 16 | 13.7 | 13.4 | 17.3 | 16.3 | 9.3 | 5.4 | 13.4 | 12.9 |
| Services meet needs of the System (15 points) | 13   | 12.4 | 11.7 | 13  | 7.5 | 11.3 | 10.7 | 10.1 | 11.5 | 10.8 | 7 | 6.7 | 10 | 4.2 | 3.8 |
| Vendor References (10 points) | 10   | 8.6 | 8.7 | 8.4 | 8.9 | 7.3 | 8 | 4.9 | 4.5 | 6.7 | 7.3 | 6.8 | 7.7 | 6.7 | 6.4 |
| Quality of Proposed Services (15 points) | 12.6 | 13  | 13.2 | 11.8 | 13.4 | 12.5 | 13 | 13 | 9.8 | 10.5 | 9.2 | 5.7 | 11.6 | 10 | 6.7 |
| Long Term Cost (10 points) | 8.4 | 8.6 | 8.8 | 7.8 | 9 | 8.3 | 8.6 | 8.7 | 6.6 | 7.6 | 7.6 | 4.5 | 2.9 | 6.7 | 4.5 |
| Past Performance (5 points) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| HUB Participation (5 points) | 5 | 5 | 5 | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 5 | 5 | 0 | 0 | 0 |
| Vendor Location and Texas Employment (5 points) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 0 | 0 | 5 |
| Vendor training plan and overall proposal content (15 points) | 12.4 | 13 | 11.6 | 12.4 | 13.4 | 10.1 | 12.2 | 9.9 | 8.9 | 11.8 | 7.9 | 6.7 | 10 | 10.1 | 5.9 |

| Total Score (100) | 88 | 87 | 88 | 86 | 81 | 81 | 79 | 75 | 70 | 70 | 56 | 58 | 56 | 50 |
Financial Report and Consideration No. 10 (ACTION ITEM 11)  Board Meeting 6-7-12

Request

Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute Contracts for the Purchase of Construction Cost Review Services for the System

Chancellor's Recommendation

That the Board of Trustees authorizes the Chancellor or designee to negotiate and execute contracts for the purchase of construction cost review services for an estimated total amount of $300,000 with the vendors identified below. The initial term of the contract will be two (2) years with an option to renew for an additional three (3) one-year periods.

Commercial Cost Control, Inc 210 Gallant Ct
Colleyville, TX 76034

Fort Hill Associates, LLC 101 Verdae Blvd, Suite 130, Box 310
Greenville, SC 29607

R L Townsend & Associates, Inc 5056 Tennyson Parkway, Suite 100
Plano, TX 75024

Rationale

The System requested proposals for construction cost review services to be provided utilizing the vendor’s specialized resources. Construction cost review services include a review of the project budget, current costs, change orders, payroll records, purchase order and invoice comparisons, review of subcontractor credits, total cost comparisons and other factors. The firms have each provided a recommended approach and pricing options.

The System expects that the cost review process will result in the identification of opportunities for cost recovery. Upon completion of the review process, the administration will receive a detailed report of findings including estimated costs that could be recovered.

Potential bidders were also asked to include in their proposal an optional solution for the development of internal control policies and procedures related to the administration of contracts, including the firm’s ability to assess existing internal control environments, identify weaknesses, and make practical recommendations for improvement.

This purchase is in compliance with the requirements of Texas Education Code §44.031. A Request for Proposals (RFP #190) was issued to twenty-five (25) registered bidders and ten (10) vendor proposals were received.
Proposals were evaluated on the basis of the vendor’s capabilities to provide best value in terms of cost, completeness of services offered, firm experience, resources, quality control plan, relevant references and the best overall solution offered to provide the services.

Quotes for construction cost review services will be requested from one or all of the recommended vendors based on the specific project requirements and timelines. Pricing for additional services, including the development of internal controls, will also be requested from the qualified vendors as required.

**Fiscal Impact**

Funds for this purchase are available from the 2008 general obligation bonds. Subsequent bond issues will include funds budgeted for this purpose.

**Staff Resource.**

Cindy Gilliam

832-813-6512
## RFP #190 - Construction Cost Review Services

### Tabulation

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Proposal for Audit Services (based on vendor rates provided for specific scenarios included in the RFP)</td>
<td></td>
<td>$112,200</td>
<td>$147,000</td>
<td>$119,400</td>
<td>$108,750*</td>
<td>$129,600</td>
<td>$149,400</td>
<td>$636,160</td>
<td>No Bid</td>
<td>$92,008*</td>
<td>$85,288*</td>
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<td>Evaluation of Cost Proposal for Audit Services</td>
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<td>19.39</td>
<td>14.8</td>
<td>18.22</td>
<td>20</td>
<td>16.78</td>
<td>14.56</td>
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<tr>
<td>Company information, experience, staff resources, references</td>
<td>25</td>
<td>25</td>
<td>20</td>
<td>20</td>
<td>13.8</td>
<td>15</td>
<td>17.5</td>
<td>13.8</td>
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<td>0</td>
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<td>Quality of Services (quality control plan)</td>
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<td>10</td>
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<tr>
<td>Services Meet System Needs</td>
<td>20</td>
<td>20</td>
<td>15</td>
<td>13.8</td>
<td>10</td>
<td>15</td>
<td>11.3</td>
<td>5</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Past Performance</td>
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<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<td>Hub Certification or Hub Partnerships</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>0</td>
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<tr>
<td>Completeness and Thoroughness of Submittal Packet</td>
<td>5</td>
<td>4.8</td>
<td>3.5</td>
<td>4.3</td>
<td>2.8</td>
<td>3.3</td>
<td>3</td>
<td>1.5</td>
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<td>0</td>
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<td>Value Added Services Provided</td>
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<td>5</td>
<td>5</td>
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<td>0</td>
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<tr>
<td>Company based in Texas/number of employees in Texas</td>
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<td>5</td>
<td>5</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td><strong>Total Score</strong></td>
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<td><strong>89</strong></td>
<td><strong>73</strong></td>
<td><strong>71</strong></td>
<td><strong>67</strong></td>
<td><strong>65</strong></td>
<td><strong>63</strong></td>
<td><strong>40</strong></td>
<td><strong>15</strong></td>
<td><strong>15</strong></td>
<td><strong>10</strong></td>
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### Optional Services - Cost for Developing Internal Procedures (this is a projection based on vendor hourly rate x 200 hours)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>$40,000</th>
<th>$29,200</th>
<th>$28,000</th>
<th>$25,000</th>
<th>$29,000</th>
<th>$24,000</th>
<th>$54,800</th>
<th>$29,800</th>
<th>$31,000</th>
<th>$38,000</th>
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</thead>
</table>

* Vendor Proposal is non-responsive; does not meet the scope of the RFP specifications or information contained in proposal is not relevant to this solicitation
Financial Report and Consideration No. 11 (ACTION ITEM 12)  Board Meeting 6-7-12

Request  Consideration of Approval to Purchase Additional Manufacturing Resource Planning (MRP) Training Services for Corporate College

Chancellor’s Recommendation  That the Board of Trustees approves the purchase of additional MRP training services for Corporate College in partnership with National Oilwell Varco (NOV) from Consultiques LLC, PO Box 17584, Sugar Land, Texas 77496-7584, in an estimated amount of $100,000 for a total estimated amount of $199,999

Rationale  In October 2011, Corporate College, in partnership with their client NOV, awarded a contract to Consultiques LLC to develop MRP training workshops in the amount of $99,999 through an administrative approval. The award to Consultiques LLC was made due to the ease of use in dealing with a local company that can deliver the training to NOV Houston area plants without additional travel expenses that may be incurred by contracting with a company from out of the area. NOV has requested to extend this training to the company’s newest locations.

Technology advancement in both offshore and onshore oil and gas field exploration and development in Texas and other parts of the country has created a high demand for this specialized, proprietary training. This training is client-directed and will be completed by the end of FY 2011-12.

In compliance with Texas Education Code 44.031 (j), this purchase is being done on a sole source basis due to the proprietary nature of the training utilizing NOV’s MRP system. NOV has provided exclusive access to its system to Consultiques LLC.

Fiscal Impact  Funds for this purchase are available from the 2008 general obligation bonds. Subsequent bond issues will include funds budgeted for this purpose.

Staff Resource  Cindy Gilliam  832-813-6512
Financial Report and Consideration No. 12  (ACTION ITEM 13)  Board Meeting 06-07-12

Request
Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute Change Orders to the Construction Manager at Risk (CM-at-Risk) Agreement for Renovations at LSC-University Park

Chancellor’s Recommendation
That the Board of Trustees authorizes the Chancellor or designee to negotiate and execute change orders to the CM-at-Risk agreement with Morganti Texas, Inc., 350 N Sam Houston Parkway E., Suite 121, Houston, TX 77060, for renovations at LSC-University Park for an estimated amount of $3,000,000. This increases the total contract value to an estimated amount of $13,000,000

Rationale
At the Board’s June 2, 2011 meeting, Morganti Texas, Inc. was approved as the CM-at-Risk contractor for LSC-University Park with an initial estimated contract value of $6,000,000. The initial project funding was expended on LSCS and University Partner improvements.

At the Board’s October 6, 2011 meeting, an additional $4,000,000 was approved for additional projects. This funding was expended building out tenant space in building 9, the faculty/administrative offices in building 13 and the library buildout in building 13.

An additional $3,000,000 is requested to accommodate pending LSC business and academic partner project needs. This approval will ensure required lease commencement dates can be achieved once lease agreements are executed. Authorization to begin construction will not be issued to the contractor until the applicable lease contracts are finalized.

Specific LSCS related projects covered in this scope include an additional classroom floor in building 13, an additional administrative floor in building 11 and the buildout of a machine shop in the Central Plant Building.

The CM-at-Risk will provide pre-construction services that include coordination of the construction documents, constructability reviews, critical path scheduling, and budget consultation. During construction, the CM-at-Risk will act as the general contractor and subcontract the work through a competitive bid process.

To ensure the Board is informed, a status report will be presented to the Board with the actual cost of services based upon the executed change orders.

Fiscal Impact
Funds for this purchase are available from the 2008 general obligation bonds and auxiliary funds that result from lease agreements.

Staff Resource
Cindy Gilliam  832-813-6512
Shah Ardalan  832-813-6847
<table>
<thead>
<tr>
<th>Financial Report and Consideration No. 13 (ACTION ITEM 14)</th>
<th>Board Meeting 6-7-12</th>
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</thead>
<tbody>
<tr>
<td><strong>Request</strong></td>
<td>Consideration of Approval of the Continuing Education 2012-13 Tuition and Fee Schedule</td>
</tr>
<tr>
<td><strong>Chancellor’s Recommendation</strong></td>
<td>That the Board of Trustees adopts Continuing Education Tuition and Fee Schedule for the 2012-2013 academic year. Since there are continual pricing exceptions to standard rates, the following is proposed for consideration: Approval of a revised 2012-2013 Continuing Education Schedule of Fees with only CE linked to Credit Courses at a standard rate with Board of Trustees authorization for the Chancellor or his designee to review fees as needed for market and personal enrichment courses based on market conditions. The Board is requested to take action at this time so that the tuition schedule can be posted as approved for the Fall 2012 semester.</td>
</tr>
<tr>
<td><strong>Rationale</strong></td>
<td>Throughout the year there will be fluctuations in pricing due to market conditions. Recommend that the Board of Trustees give the Chancellor authorization to revise the fees for non-credit programs as necessary due to market conditions.</td>
</tr>
<tr>
<td><strong>Fiscal Impact</strong></td>
<td>Ability to adjust the Continuing Education Fee Schedule will allow us to remain competitive in the marketplace.</td>
</tr>
<tr>
<td><strong>Staff Resource</strong></td>
<td>Rand Key 832-813-6522</td>
</tr>
</tbody>
</table>
Continuing Education Pricing Schedule
Effective Fall 2012
June 2012 Board Proposal

A Workforce Courses/Programs

Current fair market price trends will be reviewed and pricing set accordingly. Fee schedules will be brought to the Chancellor or his designee for approval.

B Personal Enrichment Courses

Current fair market price trends will be reviewed and pricing set accordingly. Fee schedules will be brought to the Chancellor or his designee for approval.

C CE Courses linked to Credit Courses

CE courses linked to credit courses will be priced consistently with the credit course. CE tuition may need to be altered to ensure that credit and CE students pay the same price for a linked course.

<table>
<thead>
<tr>
<th>Credit Hours</th>
<th>Credit Tuition</th>
<th>CE Tuition</th>
<th>Tech Fee (used credit scale)</th>
<th>General Use Fee (used credit scale)</th>
<th>Activity Fee</th>
<th>*Distance Learning Fee</th>
<th>Total CE Tuition &amp; Fees (Face-to-Face or Hybrid)</th>
<th>Total CE Tuition &amp; Fees for Fully Online Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$88</td>
<td>$52</td>
<td>$7</td>
<td>$7</td>
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<td>$68</td>
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<td>2</td>
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<td>$92</td>
<td>$14</td>
<td>$14</td>
<td>$4</td>
<td>$30</td>
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<td>$21</td>
<td>$6</td>
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<td>4</td>
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<td>$35</td>
<td>$35</td>
<td>$10</td>
<td>$75</td>
<td>$292</td>
<td>$367</td>
</tr>
</tbody>
</table>

*Only applied to a fully online course

D Assignment of Specially Designated Fees to Continuing Education Courses

All fees listed below have been Board approved and are reviewed for consistent application and correct allocation to the appropriate revenue category. All CE courses linked to credit courses should continue to charge the same total cost. These fees will not be broken out by category in the printed schedule but will be allocated to each account internally.

1 Technology Fee

A technology fee is assessed based on contact hours to CE credit types 2 (CE Workforce-Funded), 7 (CE Workforce Non-funded), and 3 (Leisure) with the exception of SBDC (Small Business Development Center), CYTHS (youth), CALL (senior programs), & TEST according to the schedule below. Fees collected are directed to the technology fund.

| Courses 1-47 contact hours | $3 |
| Courses 48 and up contact hours | $7 |
2 **General Use Fee**
   The general use fee applies to CE credit types 2 (CE Workforce-Funded), 7 (CE Workforce Non-funded), and 3 Leisure (Exception-SBDC, CYTHS, CALL, & TEST) according to the schedule below. Fees collected are directed to the operating fund.

| Courses 1-47 contact hours | $2 |
| Courses 48 and up contact hours | $7 |

3 **Distance Learning (DL) Fee**
   The $15 per credit fee applies only to fully online courses. Add DL fee only to CE courses (types 2, 3, & 7) that are linked to credit courses. The CE course will have the same cost to students as the credit course. The distance learning fee is directed into the operating fund.

4 **Student Activity Fee**
   A $2 student activity fee applies to CE credit types 2 (CE Workforce-Funded), 7 (CE Workforce Non-Funded), and 3 Leisure (with the exception of SBDC, CYTHS, CALL, and TEST).

5 **Lab Fee** - A $15 lab fee applies to CE credit types 2 (CE Workforce-Funded), & 7 (CE Workforce Non-Funded).

6 **Infrastructure Fee** - A $20 per student per semester infrastructure fee is assessed outside of the course fees. ALL, Youth, & Fully online classes are exempt.
Exhibit "R"

Financial Report and Consideration No. 14 (ACTION ITEM 15)  Board Meeting 6-7-12

Request  Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Agreement with Hilton Garden Inn for a Driveway Access and Egress Easement at LSC-Fairbanks

Chancellor’s Recommendation  That the Board of Trustees authorizes the Chancellor or designee to negotiate and execute an agreement with Hilton Garden Inn, 14919 Northwest Freeway, Houston, TX, for a controlled driveway access and egress easement at LSC-Fairbanks

Rationale  The Hilton Garden Inn (HGI) is constructing a new hotel/conference center adjacent to the LSC-Fairbanks Center. To support estimated higher parking needs during occasional events in the conference center, HGI is requesting permission to access surplus Fairbanks parking facilities for overflow. As part of a reciprocal agreement, HGI would construct an interconnecting driveway between the two properties including a gate at its sole expense. In exchange, HGI will offer discounted rates to the college for hotel rooms, the conference center and allow faculty and staff free access to the HGI fitness center.

Additionally, LSC students, faculty and staff would have overflow access to the Hilton Garden Inn parking during periods of peak campus occupancy. In the event both entities have parking capacity needs at the same time, the gates will remain closed. Scheduling for anticipated capacity periods will be coordinated in writing so that both parties are informed in advance.

Fiscal Impact  No cost is associated with the granting of this easement.

Staff Resource  Cindy Gilliam  832-813-6512  
Audre Levy  281-290-3940
Financial Report and Consideration No. 15 (ACTION ITEM 16)  Board Meeting 6-7-12

Request: Consideration of Approval to Authorize the Chancellor or Designee to Purchase Workforce Program Lab Equipment with Funds Provided by the Texas Workforce Commission

Chancellor's Recommendation: That the Board of Trustees approves the purchase of workforce program lab equipment in the amount of $293,000 with funds provided by the Texas Workforce Commission

Rationale: Purchase of workforce program lab equipment will enhance Lone Star Corporate College's ability to provide workforce education programs to students and to offer training to businesses in the LSCS service area.

All purchases utilizing this funding will be made through the purchase methods allowed by the provisions of Texas Education Code 44.031(a). In addition, a report of purchases made with these funds will be presented to the Board when complete.

Fiscal Impact: None  Funds are provided by Texas Workforce Commission

Staff Resource: Rand Key  832-813-6652
Financial Report and Consideration No. 16 (ACTION ITEM 17) Board Meeting 6-7-12

Request
Consideration of Approval to Add an ESOL Assessment Testing Fee

Chancellor’s Recommendation
That the Board of Trustees approves the addition of a $24 assessment testing fee for the ESOL battery of tests for students requiring an assessment of English language skills

Rationale
The ESOL battery of tests is given to assess the language skills of students who are not proficient in the English language. These students must be assessed to determine the appropriate course placement for developing proficiency in English language skills. The battery of ESOL tests include ESL Reading, ESL Listening, and ESL Grammar/Usage. The assessment test results are used to determine proper placement in ESOL Reading, Writing, and Oral Communication classes.

Students may enroll in either credit or continuing education courses depending upon their educational goal, language skills needs, and focus. Credit ESOL focuses on academically bound students and emphasizes preparation for college study and the pursuit of a certificate or degree. Continuing Education ESOL is designed for professionals, participants preparing to enter careers requiring English proficiency, and those seeking general broad-based English development.

Over 3,000 students took the ESOL assessment tests for a total of 9,929 test units. The majority of these students take all parts of the test, with some requiring a re-test. The number of test units required reflects a steady and consistent increase in the number of students, and in the demand for the tests. This battery of tests has been administered to students at no cost in the past, however, with the steady increase in the demand, we are requesting the addition of a testing fee which is consistent with other types of assessment tests administered.

Fiscal Impact
These fees charged will offset the cost of purchasing and administering the assessment tests

Staff Resource
Donetta Goodall

832-813-6597
Building and Grounds Report

Report: Construction Projects Update

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-Kingwood**
  - The installation of the architectural column covers for the Student and Conference Center building was delayed into late May and is expected to be completed in June. Final project closeout will follow.

- **LSC-Atascocita Center**
  - Project close-out has been completed.

- **LSC-Tomball – Renovation**
  - Renovation work continues as painting and finishes in the office area are nearing completion. Darkroom door finishes and millwork are in progress in the photo lab. The project is scheduled to be substantially complete by the end of June.

- **LSC-CyFair**
  - Work on punch list items for the Student Services/Classroom Building is in progress with completion targeted for the end of June.
  - The exterior building sun shades for the balconies of the Science Building are being installed and completion is scheduled for the end of June.
  - The first floor renovation connected with Student Life program in the Library Building is nearing completion. Construction activities, with the exception of the audio-visual feature wall, have been completed and the space is targeted for occupancy in June.

- **LSC-Cypress Center**
  - The LSC Traffic Impact Analysis (TIA) for the site has been approved by the County and preparation of the associated permit drawings are underway.
  - The architectural team is reworking the construction documents to incorporate the County feedback with the intent of commencing construction by August. The project is scheduled to be substantially complete by August 2013 in time for the Fall 2013 Semester.

- **LSC-University Park**
  - Construction of the new Building 9 & 10 entry drive, visitor parking lot, and building entry canopy will be completed by mid-June.
  - Construction of the new library, tutoring center, and assistive technology center on Level 8 of Building 12 has commenced. Walls have been framed, ductwork has been
installed, and the electrical infrastructure has been roughed-in. Construction is scheduled to be substantially complete by early August.

- Design work on another LSCS classroom floor in Building 13 has commenced.
- Construction is scheduled to be substantially complete by early August.
- Drawings are under development for the machine shop workforce program in the Central Plant Building.
- Construction of the new contact center on Level 4 of Building 11 has been completed.

- **LSC- Highway Signage**
  - Fabrication of supplemental campus road signs is in progress. Installation is scheduled for completion by mid-June.

**Repair and Replacement Projects**

- **LSC-North Harris**
  - Academics Building Air Handler Unit Replacement
    - Due to equipment delivery delays, work is scheduled for completion in early July.

- **LSC-Kingwood**
  - Classroom Building Air Handling Unit Replacements
    - Phase II construction complete, punch list items being addressed.
  - Concrete Coating for Sidewalks
    - Developing material specification and pricing.

- **LSC-Tomball**
  - Electrical Grounding Repair
    - Testing has been rescheduled for completion by June. Ultimate scope of work will be finalized once an engineering analysis of results has been conducted.
  - Replace Tile in South Building
    - Carpet on order. Installation scheduled for early August.
  - Commons Furniture Replacement
    - Furniture is on order.

- **LSC-Montgomery**
  - Install Sump Pumps in Fire Pits
    - Work scheduled for completion in July.
  - Install Capacitors on Buildings and Equipment
    - Engineering analysis is underway.
  - Replace Filter System for Central Plant #1
    - Design 75% complete.

- **LSC-CyFair**
  - Replace Carpet for the Fine Arts Building
    - Installation scheduled for July.
- Planning for a New Arts Pavilion is under development that would move several kiln processes for ceramics instruction out of the building
- Heating, Air Conditioning, and Ventilation Modifications in Arts Building
  - HVAC scheduled to be complete by early July
- Utility Storage Building
  - Reviewing pricing with campus

- **LSC-University Park**
  - Commons Chilled Water Booster Pump Installation
    - Project complete
  - Door Hardware Upgrades
    - Automatic door opener locations are being identified, the associated utilities designed, and the supporting equipment specified Project completion is targeted for the end of August

- **LSC-System Office**
  - Re-Commission Rooftop Units & Repair Ductwork
    - Repair work scheduled to be complete by early June

**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
  - Projects under $25,000 Complete at Time of Report
    - LSC-University Park – Ceiling Repair – $12,302
  - Projects over $25,000 Complete at Time of Report
    - LSC – Montgomery – Concrete Entrances - $40,396
    - LSC-University Park – Call Center - $124,848

- The projects listed below were awarded to Alpha Construction
  - Projects under $25,000 Complete at Time of Report
    - LSC-Montgomery - Installation of Sliding Door - $21,247
  - Projects over $25,000 Complete at Time of Report
    - LSC-NH - Ramp at Student Services Building - $45,000

- The projects listed below were awarded to BaseLine Paving and Construction
  - Projects under $25,000 Complete at Time of Report
    - 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 project listed below was awarded to OC+A
  - LSC-North Harris – HPB Instructional Roof Design – $9,000
- The project listed below was awarded to Hill+Swart
  - LSC-North Harris – Math Lab Design - $14,000
- The project listed below was awarded to Hutti 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
Exhibit "V"

**Personnel Report and Consideration No 1 (ACTION ITEM 18)  Board Meeting 06-07-12**

**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-North Harris, 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

Kimberly Hubbard, Dean, Instruction

Effective  Twelve month contracted employee at an annual salary of $90,000 beginning May 1, 2012

Education  M B A , Our Lady of the Lake University, Major Management, B S, Louisiana State University-Shreveport, Major Physics General

Experience  Interim Dean, Professor, Associate Professor, and Assistant Professor, Lone Star College-CyFair, Resource Manager, Eagle Global Logistics, Corp, Owner and Sr Consultant, HG & Associates, Corporate Instructor, New Horizons-CLC

b  LSC-North Harris

William Drees, Dean, Instruction

Effective  Twelve month contracted employee at an annual salary of $90,000 beginning May 1, 2012

Education  Ed D, Sam Houston State University, Major Educational Leadership, M A, The University of Texas-San Antonio, Major Education, B S, Texas A&M University, Major Political Science

Experience  Interim Dean, Professor, CE Instructor, PT- Program Director, Associate Professor, PT-Program Coordinator, and Adjunct Faculty, Lone Star College-North Harris, Assistant Professor, and Assistant Professor and Clinical Coordinator, The University of Texas Health Science Center-San Antonio, Secretary of the Corporation, Assistant Administrator, and EMT-Paramedic, Bulverde/Spring Branch EMS, EMT-Paramedic, Amcare Ambulance, Inc

Theresa McGinley, Dean, Instruction

Effective  Twelve month contracted employee at an annual salary of $106,941 beginning April 1, 2012

Education  Ph D, The University of Houston, Major History, M A University of South Florida, Major History, B A, University of Tampa, Major English & History

Experience  Interim Dean, and Professor, Lone Star College-North Harris

Sheldon Moss, Director, Student Success

Effective  Twelve month contracted employee at an annual salary of $58,863 beginning April 1, 2012
Education  B S, Southern University, Major Business Administration/Finance

Experience  Program Manager, Program Coordinator, and Recruiter, Lone Star College-North Harris, Firefighter, New Orleans Fire Department, Manager, Check into Cash, Manager, Beneficial Finance

c  LSC-University Park

Chris West, Director, Financial Aid

Effective  Twelve month contracted employee at an annual salary of $62,000 beginning April 30, 2012

Education  M B A, University of Houston-Clear Lake, Major Administration, B A, Lamar University, Major Finance

Experience  Assistant Director of Finance, University of St Thomas, Work Study/State Grant Coordinator, and Financial Aid Officer I, University of Houston, Internet Sales Manager, Champion Toyota

Vickie Cook, Director, ERP

Effective  Twelve-month contracted employee at an annual salary of $105,000 beginning May 1, 2012

Education  B S, Texas A&M University-College Station, Major Computing Science

Experience  Lead IT Consultant, Texas A&M University-College Station, Director of Program Management Office, University of Texas-Dallas, Application Development Director, College of the Holy Cross-Worcester, MA, Director of Application Development, Houston Community College Systems-Houston, Manager of Application Development, Galveston County, Director, Help Desk & Training, Systems Administration Support, Court Specialists, Inc, Senior System Analyst, Cypress Fairbanks ISD, Coordinator of Data Processing, Pearland ISD

Henry Der Antonian, CC Instructor, Machining

Effective  Twelve month contracted employee at an annual salary of $64,050 beginning May 7, 2012

Education  Ph D, National Polytechnic Institute of Grenoble, Major Electric Engineering

Experience  Adjunct Faculty, PR-Professional Analyst, PT-Curriculum Development I, and PT-CC Instructor, Lone Star College-University Park & Tomball, Technology Instructor, ITT Technical Institute, Quality Program Manager, Hewlett Packard, Supply Chain Engineering, HP Procurement Hard Disk Drive, WW Technical Support &
Escalation Manager, and Team Leader, HP Desk Top PC Division-Customer Satisfaction Section-Grenoble, France

d  **LSC-System Office**

**Shelby Boseman, Senior Associate General Counsel**

**Effective**  Twelve-month contracted employee at an annual salary of $108,838 beginning January 15, 2012

**Education**  J D, University of Houston, Major Law, B S, Weber State University, Major Psychology

**Experience**  Associate General Counsel, Lone Star College System, In House Counsel, Houston Housing Authority, Student Representative, Thompson Westlaw, Mlieu Manager, Island View Residential Treatment Center, Financial Analyst, Heritage Financial Group

**Kenneth Shirey, Director, Database**

**Effective**  Twelve-month contracted employee at an annual salary of $102,000 beginning February 16, 2012


**Gary Eakin, Director, Facilities**

**Effective**  Twelve month contracted employee at an annual salary of $58,864 beginning April 18, 2012

**Education**  B S, Greenwood University, Major Facilities Management

**Experience**  Senior Maintenance Technician, and Maintenance Technician III, Lone Star College-University Park and Kingwood, Founding and Senior Pastor, Victory Community Church, Facilities Director/Chief Engineer, Coca Cola Foods & Property Management Systems

**Sherry Watson, Executive Director, Technical Services**

**Effective**  Twelve-month contracted employee at an annual salary of $96,112 beginning March 1, 2012
Education: A A, Lone Star College-Kingwood, Major: Liberal Arts

Experience: Director: Network Services, Lone Star College System, Network Engineer, Administaff, Sr Network Engineer, Humble ISD, Network Administrator, Charter Bank, Bookkeeper/Lan Administrator, Spencer Partnership

Carolyn Wade, Executive System Director, Financial Aid

Effective: Twelve-month contracted employee at an annual salary of $104,902 beginning April 23, 2012

Education: M S, Texas A & M University, Major: Guidance and Counseling, B A, Prairie View A&M University, Major: Sociology

Experience: Associate System Director, Dean, Student Services, Interim Dean, Student Services, and Director of Financial Aid, Lone Star College-Kingwood & System Office, Academic Counselor, University of Texas Health Science Center, Director/Planner, and Planner/Technical Assistant, Houston Galveston Area Council of Government, Vocational Counselor for Adult Learning Center, Texarkana ISD, Coordinator of Intake and Assessment, City of Texarkana, Arkansas
Personnel Report and Consideration No. 2 (ACTION ITEM 19)  Board Meeting 06-07-12

Request
Consideration of Resignations

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

LSC-CyFair
Ted Lewis, Dean, Instruction
Effective June 7, 2012

LSC-Kingwood
Conchita Cameron, Assistant Professor, Respiratory
Effective May 31, 2012

Dominic Bongiorni, Professor, Speech/Forensics
Effective May 31, 2012

LSC-Montgomery
Kathleen Lacoste, Associate Professor, AD Nursing
Effective May 31, 2012

Ellen Ketchum, Professor, Drama
Effective May 31, 2012

Kathleen Monahan, Professor, Psychology
Effective August 31, 2012

Dominick DiOrtio, Associate Professor, Music
Effective August 31, 2012

LSC-North Harris
Rachael Lowe, Professor, Counselor
Effective April 21, 2012

Linda Maitland, Professor, Developmental Studies
Effective May 31, 2012

Larry Brillhart, Professor, Engineer Design Technology
Effective August 31, 2012
Katherine Pallavicini, Professor, Interactive Media  
Effective August 31, 2012

Cheryl Brock, Special Assistant to the President  
Effective August 31, 2012

Robert Jones, Dean, Center  
Effective August 31, 2012

LSC-University Park

Amanda Warren, Director, TWC Veterans Grant  
Effective May 4, 2012

Chad Crocker, Executive Director, Facilities  
Effective May 5, 2012

Staff Resource: Rand Key  
832-813-6522
Personnel Report and Consideration No. 3  (ACTION ITEM 20)  Board Meeting 6-7-12

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–Kingwood  
Jesus Gutierrez – Part Time  
Nicholas Franklin – Part Time

Lone Star College–Montgomery  
Melvin J. Chebret, Jr

Lone Star College – University Park  
Barbara J. Morris

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