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
November 1, 2012
5:00 p.m.

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

I. CALL TO ORDER: Mr Bates called the workshop and regular meeting of the Board of Trustees to order at 5:01 p.m. after determining that a quorum was present.

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

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

IV. INTRODUCTIONS, SPECIAL GUESTS AND RECOGNITIONS: Chancellor Carpenter introduced Ms Barbara Eckenfels, the new faculty senate president for LSC-Montgomery and Howard Roden from Houston Community Newspapers. Mr Link Alander, vice chancellor of technology services/CIO announced that the Center for Digital Education highlights the top technology community colleges in the nation. Lone Star College System was ranked second in the nation. At the League for Innovation Conference we were recognized as first in the nation of large colleges category.

V. WORKSHOP: Dr Austin Lane, president of LSC-Montgomery, introduced Jared Cootz, professor and chair of Sociology and Simone Rieck, professor of English who gave a presentation on Learning Networks. Ms Rieck said that learning networks are a different approach to learning that builds a sense of community for students using themed activities in and out of the classroom. Student scores in anxiety, concentration, motivation, test strategies and time management showed significant improvement, as did completion and success rates.

Jonathan Durfield, associate vice chancellor of governmental affairs and student completion, introduced Dr Luzelma Canales, executive director of resource development and administration who gave a presentation on our active grants, totaling $24,646,064. Dr Canales said that the Texas Reverse Transfer Initiative, which in cooperation with the Greater Texas Foundation, the Houston Endowment, TG Corporation University of Texas System as well as 28 other universities and
community colleges, is an initiative that involves transferring back to a student’s feeder community college credits earned elsewhere to complete their associate’s degree. Linda Head, associate vice chancellor of workforce education and corporate partnerships, gave an overview of the grants for adult basic education, English literacy, and contextualizing adult basic education with workforce programs.

VI. **CLOSED SESSION:** At 5:28 p.m., Mr. Bates convened the Board in closed session, in accordance with Section 551.010, et seq., of the Texas Government Code under one or more of the following provision(s) of the Act:

- Section 551.071 – Consultation with Attorney
- Section 551.072 – Deliberation Regarding Real Property
- Section 551.073 – Deliberation Regarding Prospective Gift
- Section 551.074 – Personnel Matters
- Section 551.076 – Deliberation Regarding Security Devices
- Section 551.087 – Economic Development Negotiations

VII. **RECONVENE REGULAR MEETING:** Mr. Bates reconvened the open meeting at 6:51 p.m.

VIII. **APPROVAL OF THE MINUTES OF THE October 4, 2012 WORKSHOP AND REGULAR MEETING** upon a motion by Dr. Holsey and a second to the motion by Mr. Vogt, the Board approved the minutes of the October 4, 2012 Workshop and Regular Meeting.

IX. **CITIZENS DESIRING TO ADDRESS THE BOARD:**

- Javier Chacon, spoke regarding alleged retaliatory actions against faculty members at LSC-Montgomery and discriminatory issues toward Hispanics.
- Elizabeth Jensen, a citizen, addressed the Board concerning faculty dismissal at LSC-Montgomery.
- Dr. Larry Loomis-Price, LSC-North Harris faculty member, spoke about faculty grievance procedures at LSC-Montgomery.
- Dr. John Burghduff, on behalf of the American Federation of Teachers, spoke about conflict resolution.
- Richard Kuyper, a former LSC-Montgomery staff member, spoke regarding his dismissal and grievance resolution.

X. **SPECIAL REPORTS AND ANNOUNCEMENTS:**

- **Chancellor** Chancellor Carpenter stated that enrollment is down at 36 of the 50 community college districts. Across the state, community college enrollment is down 17,000 from a year ago. SanJac is down 2%, HCC is down 7% Lone Star is up about 3%, or 2200 students. LSC-University Park has been working with SACS as a substantive change to be designated as a campus of Lone Star College System. Our response will go to the full commission for a vote at its June meeting. We anticipate positive action on the part of the Commission.

The Chancellor said that we were honored to participate in the groundbreaking with CHI Hair Products of Farouk Systems and LSC-North Harris partnership on the School of Cosmetology. He congratulated Dr. Steve Head, president of LSC-North Harris, and thanked Ms. Marquard and Dr. Holsey for representing the Board at the groundbreaking.
2 College Presidents None

3 Vice Chancellors Ray Laughter, vice chancellor of external affairs, reported on the results of Community Colleges Statewide Perception Survey, a survey by Texas Association of Community Colleges and the Hahn Group. This survey showed that almost 78% of the respondents said that the community benefits from the work that community colleges do and nearly 46% said they and their family benefitted. Over 81% said that finishing high schools was no longer enough to guarantee that a young person can be successful in the workplace. 85.9% stated that Texas needs to do a better job providing opportunities for higher education that people can afford, 87.4% said that investing in our community colleges was just as important as investing in our public schools, and 88.9% said that investing in our community colleges was just as important as investing in our public four-year colleges and universities. Over 84% of respondents also said that the state of Texas should share more of the responsibility with local communities for funding and supporting community colleges.

4 Faculty Senate Presidents Dr James Seymour, LSC-CyFair faculty senate president spoke on what the Lone Star Faculty do best, teaching. Though as a system we have many innovative faculty members, educational trends attention often focuses on new initiatives, new paradigms and new strategies that overlook the excellent activities already employed by the faculty. Currently professors from all six colleges use active learning, service learning, study abroad, learning communities and inter-disciplinary education to ensure success in the classroom.

XI. CONSIDERATION OF THE CONSENT AGENDA: Item number 3 was removed from the agenda to be considered separately. Mr. Bates proceeded with the Consent Agenda. Mr. Adam made a motion to approve Action Items 1, 2, 4, 5, 6, 7, and 8. Ms. Marquard seconded the motion and the Board unanimously passed the Consent Agenda. A copy is attached as Exhibit “B”

XII. POLICY CONSIDERATIONS:

1 Consideration for New Lone Star College System Board Policy Section V B 3 07 (FIRST READING): the Board unanimously considered the recommended revision of the Lone Star College System Board Policy V B 3 07. This constitutes a first reading with a request for approval during the December Board meeting. A copy is attached as Exhibit “C”

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 September 30, 2012. A copy is attached as Exhibit “D”

2 Consideration of Approval to Purchase Custodial Supplies for the System (ACTION ITEM 1): the Board unanimously approved the purchase of custodial supplies for the System for an estimated amount of $800,000 for the first year, with two one-year options, for an estimated $2,400,000 over three years from High Point Sanitary Solutions, 301 Garden Oaks Boulevard, Houston, TX 77018, Buckeye Cleaning Center, 16420 West Hardy Road, Houston, TX 77060, Interboro Packaging, 114 Bracken Road, Montgomery, NY 12549, Crown Paper and Chemical, 302 S Frazier Street, Conroe, TX 77301 and Matera Paper, 1809 Brittmore Road, Houston, TX 77043. This item was passed in the Consent Agenda. A copy is attached as Exhibit “E”
Consideration of Approval for Chancellor or Designee to Negotiate and Execute Amendment(s) to Extend the Texas Cooperative Purchasing Network (TCPN) Lease for Temporary Modular Building at LSC-Montgomery (ACTION ITEM 2): the Board unanimously approved the Chancellor or designee to negotiate and execute the necessary amendment(s) to extend the lease agreement for the temporary modular building at LSC-Montgomery from Williams Scotsman Corporation, 7915 FM 1960 West, Suite 115, Houston, Texas 77070, for a cost of $%85,340, bringing the total estimated lease cost of this modular building to $506,465 over the five year and 10 month lease. This item was passed in the Consent Agenda. A copy is attached as Exhibit “F”

Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute Necessary Easements and Agreements with Wet and Dry Utility Providers for LSC-Cypress Center (ACTION ITEM 3): upon a motion by Ms. Marquard and a second by Ms. Kelly, the Board unanimously authorized the Chancellor or his designee to negotiate and execute any required wet and dry utility easements for LSC-Cypress Center. A copy is attached as Exhibit “G.”

Consideration of an Addition to the Approved 2012-13 Tuition and Fee Schedule (ACTION ITEM 4): the Board unanimously approved an addition to the 2012-13 tuition and fee schedule that would allow the total cost of the program to be bundled and charged to the student at a fixed total amount, including programs spanning more than one fiscal year. This item was passed in the Consent Agenda. A copy is attached as Exhibit “H.”

Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Service Agreement Contract with Harris County Municipal Utility District (MUD) #284 and further authorize payment of required service fees to MUD #284 for Water, Sanitary Sewer and Storm Sewer Service for LSC-Cypress Center (ACTION ITEM 5): the Board unanimously authorized the Chancellor or his designee to negotiate and execute a service agreement contract with MUD 284 and approve the payment of water, sanitary sewer and storm sewer tap fees to Harris County Municipal Utility District #284, 1300 post Oak Blvd, Suite 1400, Houston, TX 77056 for LSC-Cypress Center for an estimated amount of $220,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “I.”

XIV. BUILDING AND GROUNDS REPORTS:

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

XV. PERSONNEL REPORTS AND CONSIDERATIONS:

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

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

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

XVI. SUGGESTED FUTURE AGENDA ITEMS: None

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

ATTEST

[Signatures]

Board of Trustees, Chair

Board of Trustees, Secretary
Exhibit "A"

Certification of Posting of Notice to the November 1, 2012
Workshop and Regular Meeting of the
Lone Star College System's
Board of Trustees

I, Richard Carpenter, Chancellor of the Lone Star College System, do hereby certify that a notice of this meeting was posted on Monday the 29th day of October, 2012 in a place convenient to the public in the Administration Office of the Central Services and Training Center, on all college campuses and on the system website as required by Section 551.002 et seq., Texas Government Code. Special notice of the meeting was provided to the news media as required by Section 551.001 et seq., Texas Government Code.

Given under my hand this the 29th day of October, 2012.

[Signature]
Richard Carpenter
Chancellor
Consideration of Consent Agenda

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

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

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

Tally of Action Items.

<p>| # 1 – Approve Purchase of Custodial Supplies | Consent Agenda | Chancellor Recommended Separate Action | Board Separate Action |
| # 2 – Approve Chan/Neg/Exec/Amend/Temp Bldg LSC-MC | | |
| # 3 – Approve Chan/Neg/Exec/Easements/Wet/Dry Util CypC | | |
| # 4 – Addition to 2012-13 Tuition and Fee Schedule | | X |
| # 5 – Approve Chan/Neg/Exec/MUD284 Serv Agree CypC | | |
| # 6 – Ratify Appointments | | |
| # 7 – Accept Resignations | | |
| # 8 – Approve Commissioning of Peace Officers | | |</p>
<table>
<thead>
<tr>
<th><strong>Policy Report and Consideration</strong> (FIRST READING)</th>
<th><strong>Board Meeting 11-1-12</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Request:</strong> Consideration for new Lone Star College System Board Policy Section V.B 3 07 (FIRST READING)</td>
<td></td>
</tr>
<tr>
<td><strong>Chancellor's Recommendation:</strong> That the Board of Trustees consider new Lone Star College System Board Policy Section V.B 3 07. This constitutes a first consideration with a request for approval during the December Board meeting</td>
<td></td>
</tr>
<tr>
<td><strong>Rationale:</strong> This new policy consideration is required by SACS and will provide (i) clarification of the responsibilities of any employee that initiates or implements changes in existing LSCS programs and activities and (ii) the reporting of substantive policy changes to SACS.</td>
<td></td>
</tr>
<tr>
<td><strong>Fiscal Impact:</strong> None</td>
<td></td>
</tr>
</tbody>
</table>
| **Staff Resource:** Richard Carpenter 832-813-6515  
Keri Rogers 832-813-6597  
Brian Nelson 832-813-6655 |
V.B.3.07 Substantive Change

Employees with responsibility for initiating, reviewing, approving, or allocating resources to make changes in any of the institution's programs or activities, whether academic or non-academic, are expected to remain knowledgeable of current rules and requirements. Individuals involved in proposing and implementing substantive changes are required to coordinate their efforts with the Executive Council and the SACS-COC liaison. Notification of substantive changes will be submitted to, and approved by, accrediting or approval agencies prior to implementation of the changes. All substantive changes must come before the Executive Council for final action.
Financial Report and Consideration No. 1

Report: Monthly Financial Statements

The financial statements for the month ended September 30, 2012 are presented for Board review.
% OF BUDGETED REVENUES COLLECTED

07-08  08-09  09-10  10-11  11-12  12-13
15%  15%  16%  16%  18%  18%
HOW MUCH DO WE NEED IN RESERVES?

REVENUES

EXPENDITURES

SEPTEMBER

SEPTEMBER
## LONE STAR COLLEGE SYSTEM

### Statement of Revenues and Expenditures

**General and Auxiliary Funds**

For the One Month Ended September 30, 2012

Unaudited

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>BUDGET</th>
<th>8% OF FISCAL YEAR ACTUAL</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>9/30/2011</th>
<th>% ACTUAL TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>$66,500,000</td>
<td>$9,197,014</td>
<td>13.83%</td>
<td>$8,701,193</td>
<td>13.77%</td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>98,190,000</td>
<td>41,020,625</td>
<td>41.78%</td>
<td>38,713,218</td>
<td>41.11%</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>105,520,000</td>
<td>169,279</td>
<td>0.16%</td>
<td>170,626</td>
<td>0.17%</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>325,000</td>
<td>28,701</td>
<td>8.83%</td>
<td>9,708</td>
<td>1.94%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5,395,000</td>
<td>124,959</td>
<td>2.32%</td>
<td>607,041</td>
<td>11.63%</td>
<td></td>
</tr>
<tr>
<td>Tuition/Growth Contingency</td>
<td>3,000,000</td>
<td>-</td>
<td>0.00%</td>
<td>121,605</td>
<td>3.92%</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>6,700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Total Current Operations Revenues | 285,630,000 | 50,540,578 | 17.69% | 48,323,391 | 18.12% |

 Auxiliary Revenues | 11,000,000 | 612,592 | 5.57% | 380,589 | 3.81% |

Total Revenues | 296,630,000 | 51,153,170 | 17.24% | 48,703,980 | 17.60% |

### EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>BUDGET</th>
<th>8% OF FISCAL YEAR ACTUAL</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>9/30/2011</th>
<th>% ACTUAL TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction-Academic</td>
<td>71,957,201</td>
<td>5,955,572</td>
<td>8.27%</td>
<td>5,662,236</td>
<td>8.08%</td>
<td></td>
</tr>
<tr>
<td>Instruction-Workforce</td>
<td>26,816,597</td>
<td>2,303,278</td>
<td>8.59%</td>
<td>2,222,518</td>
<td>8.35%</td>
<td></td>
</tr>
<tr>
<td>Public Service</td>
<td>948,166</td>
<td>44,058</td>
<td>4.65%</td>
<td>57,045</td>
<td>5.29%</td>
<td></td>
</tr>
<tr>
<td>Academic Support</td>
<td>47,304,490</td>
<td>2,505,497</td>
<td>5.30%</td>
<td>2,363,412</td>
<td>5.21%</td>
<td></td>
</tr>
<tr>
<td>Student Services</td>
<td>38,224,961</td>
<td>2,156,137</td>
<td>5.64%</td>
<td>1,965,183</td>
<td>6.05%</td>
<td></td>
</tr>
<tr>
<td>Institutional Support</td>
<td>32,259,874</td>
<td>2,064,285</td>
<td>6.40%</td>
<td>1,865,762</td>
<td>6.03%</td>
<td></td>
</tr>
<tr>
<td>Plant Operation and Maintenance</td>
<td>30,319,603</td>
<td>2,624,985</td>
<td>8.66%</td>
<td>2,784,690</td>
<td>9.52%</td>
<td></td>
</tr>
<tr>
<td>Staff Benefits</td>
<td>23,149,108</td>
<td>1,540,352</td>
<td>6.65%</td>
<td>2,376,313</td>
<td>10.00%</td>
<td></td>
</tr>
<tr>
<td>Growth Contingency</td>
<td>3,000,000</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Total Educational and General Expenditures | 273,980,000 | 19,192,164 | 7.00% | 19,297,159 | 7.35% |

Repair, Replacement and Other Internally Designated | 4,300,000 | 7,117 | 0.17% | 6,886 | 0.18% |

Auxiliary | 11,000,000 | 729,187 | 6.63% | 457,698 | 4.89% |

Total Expenditures | 289,280,000 | 19,928,468 | 6.89% | 19,761,743 | 7.12% |

Other Changes - Debt Service & Fund Transfers | 7,350,000 | - | 0.00% | 1,767,925 | 25.88% |

### NET INCREASE (DECREASE) IN FUND BALANCES

<table>
<thead>
<tr>
<th>Category</th>
<th>BUDGET</th>
<th>8% OF FISCAL YEAR ACTUAL</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>9/30/2011</th>
<th>% ACTUAL TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td>0</td>
<td>31,341,297</td>
<td>27,251,421</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary Funds</td>
<td>0</td>
<td>(116,595)</td>
<td>(27,109)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL NET INCREASE (DECREASE) IN FUND BALANCES | $0 | $31,224,702 | $27,174,312 |
LONE STAR COLLEGE SYSTEM

Balance Sheet
September 30, 2012
Unaudited

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB 34/35 Reporting &amp; Investment In Plant</th>
<th>Memorandum Totals Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$47,507,657</td>
<td>$ (51,271,010)</td>
<td>$5,377,997</td>
<td>$ (3,763,353)</td>
</tr>
<tr>
<td>Accounts receivable net</td>
<td>18,074,199</td>
<td>46,811,719</td>
<td>-</td>
<td>70,263,915</td>
</tr>
<tr>
<td>Investments</td>
<td>81,176,264</td>
<td>58,714,930</td>
<td>890</td>
<td>139,892,084</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>3,125,398</td>
<td>-</td>
<td>3,125,398</td>
<td>42,255</td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>42,255</td>
<td>602,105,802</td>
<td>-</td>
<td>602,105,802</td>
</tr>
<tr>
<td>Amount to be provided for retirement long-term debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>754,112,158</td>
<td>-</td>
<td>754,112,158</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$149,925,773</strong></td>
<td><strong>$656,361,441</strong></td>
<td><strong>$759,491,045</strong></td>
<td><strong>$1,565,778,259</strong></td>
</tr>
</tbody>
</table>

LIABILITIES AND FUND BALANCES

| LIABILITIES | | | | |
|-------------|-------------|-------------|-------------|
| Accounts payable | $54,342,165 | $5,643,620 | 4,023,938 | $64,009,723 |
| Deferred revenues | 4,503,195 | 1,872,705 | - | 6,375,900 |
| Accrued compensable absences payable | 6,275,562 | 320,833 | - | 6,596,395 |
| Accrued interest payable | - | 972,008 | - | 972,008 |
| Bonds payable | - | 581,510,036 | - | 581,510,036 |
| Assets held in custody for others | - | 6,047,665 | - | 6,047,665 |
| **TOTAL LIABILITIES** | **65,120,922** | **596,366,867** | **4,023,938** | **665,511,727** |

FUND BALANCES

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

**TOTAL LIABILITIES AND FUND BALANCES**

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

Subject to change pending completion of the August 31, 2012 audit
## LONE STAR COLLEGE SYSTEM
### SUMMARY OF INVESTMENTS
#### AS OF SEPTEMBER 30, 2012

<table>
<thead>
<tr>
<th>Description</th>
<th>Ending BV 08/31/2012</th>
<th>Total Buys</th>
<th>Total Sells</th>
<th>Interest/Dividends</th>
<th>Ending BV 09/30/2012</th>
<th>Ending BV 09/30/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH</td>
<td>142,983</td>
<td>7,675</td>
<td>0</td>
<td>0</td>
<td>150,658</td>
<td>96,480</td>
</tr>
<tr>
<td>POOLS</td>
<td>16,932,193</td>
<td>5,354</td>
<td>8,565,756</td>
<td>5,354</td>
<td>8,371,792</td>
<td>68,600,757</td>
</tr>
<tr>
<td>AGENCIES</td>
<td>2,000,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,000,000</td>
<td>12,000,000</td>
</tr>
<tr>
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<td>16,033,909</td>
<td>10,571,768</td>
<td>28,657,85</td>
<td>81,176,264</td>
<td>98,694,845</td>
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<td><strong>DEBT SERVICE &amp; CAPITAL PROJECTS</strong></td>
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<td></td>
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<tr>
<td>CERTIFICATE OF DEPOSIT</td>
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<td>CAPITAL PROJECTS POOLS</td>
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<td>139,891,194</td>
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Financial Report and Consideration No. 2  (ACTION ITEM 1)  Board Meeting 11-1-12

Request: Consideration of Approval to Purchase Custodial Supplies for the System

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

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ADDRESS</th>
<th>CATEGORIES AWARDED</th>
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<tbody>
<tr>
<td>High Point Sanitary</td>
<td>301 Garden Oaks Blvd Houston, TX 77018</td>
<td>Paper, Chemicals, Discount from Catalog for Non-Core Items</td>
</tr>
<tr>
<td>Solutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buckeye Cleaning Center</td>
<td>16420 West Hardy Road, Suite 150 Houston, TX 77060</td>
<td>Paper, Discount from Catalog for Non-Core Items</td>
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<tr>
<td>Interboro Packaging</td>
<td>114 Bracken Road Montgomery, NY 12549</td>
<td>Can Liners</td>
</tr>
<tr>
<td>Crown Paper &amp; Chemical</td>
<td>302 S Frazier St Conroe, TX 77301</td>
<td>Chemicals, Plastics, Discount from Catalog for Non-Core Items</td>
</tr>
<tr>
<td>Matera Paper</td>
<td>1809 Brittmore Rd Houston, TX 77043</td>
<td>Paper</td>
</tr>
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Rationale: Custodial supplies are required to support all college facilities. The recommendation for award is based on the most commonly used items summarized in four core categories (paper, chemicals, plastics and can liners) and a catalog discount applied to purchases of general supplies.

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

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

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

**Fiscal Impact:** Funds for this purchase are included in the approved FY 2012-13
operating budgets. Funds for subsequent years will be included in
future recommended budgets.

**Staff Resource:** Cindy Gilliam 832-813-6512
## EVALUATION TABULATION

<table>
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<tr>
<th></th>
<th>Max</th>
<th>High Point</th>
<th>Maxa Distributor **</th>
<th>All American</th>
<th>Unpak</th>
<th>Buckeye</th>
<th>Matera Paper</th>
<th>Crown Paper</th>
<th>Interborn</th>
<th>Central Poly *</th>
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<td>Non-Core Items Discounts</td>
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<td>Qualifications/ Experience</td>
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<td>5</td>
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<td><strong>79</strong></td>
<td><strong>86</strong></td>
<td><strong>34</strong></td>
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* Vendor did not bid all items for liners and chemicals
** Vendor required a minimum order quantity
Financial Report and Consideration No. 3 (ACTION ITEM 2) Board Meeting 11-1-12

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

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

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

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

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

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

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

Staff Resource:

Austin Lane 936-273-7222
Cindy Gillham 832-813-6512
Financial Report and Consideration No. 4  (ACTION ITEM 3)  Board Meeting 11-1-12

Request:  Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute Necessary Easements and Agreements with Wet and Dry Utility Providers for LSC-Cypress Center

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

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

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

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

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

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

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

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

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

Staff Resource: Steve Head
Cindy Gilliam

281-618-5444
832-813-6512
Financial Report and Consideration No. 6  (ACTION ITEM 5)  Board Meeting 11-1-12

Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Service Agreement Contract with Harris County Municipal Utility District (MUD) #284 and further authorize payment of required service fees to MUD #284 for Water, Sanitary Sewer and Storm Sewer Service for LSC-Cypress Center

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

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

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

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

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

Staff Resource: Cindy Gilliam 832-813-6512
Building and Grounds Report

Report: Construction Projects Update

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

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

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

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

![Artist's rendering: Proposed LSC Cypress Center](image)

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

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

Auxiliary Project Summaries

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

Personnel Report and Consideration No. 1 (ACTION ITEM 6) Board Meeting 11-1-12

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-North Harris, and LSC-University Park

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

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

**Hamid Amnieh, Instructor, Engineer Technology**

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

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

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

b. LSC-University Park

**Hardeep Khehra, Director, EA/Portal**

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

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

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

**Clarence Keener, Director, Campus Solutions**

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

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

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

**Joe Bunton, CC Instructor, Energy & Manufacturing**

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

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

Alyssa Guthrie, CE Instructor, ESOL

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

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

Experience:  Assistant Professor, Dong-A University, Full-Time Instructor, RMIT International University-Vietnam, and Yang-En University-China; Teacher, International Virtual Learning Academy (Online), Curriculum Developer, Sheldon English Training Centre-Vietnam, Kindergarten Course Designer and Teacher, Kids’ Academy International School-Thailand.
Personnel Report and Consideration No. 2  (ACTION ITEM 7)  Board Meeting 11-1-12

Request: Consideration of Resignations

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

LSC-Kingwood

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

LSC-North Harris

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

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

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

LSC-University Park

Kenneth Shirey, Director Database Administration
Effective October 25, 2012

Staff Resource: Rand Key  832-813-6522
Personnel Report and Consideration No. 3  (ACTION ITEM 8)  Board Meeting 11-1-12

Request:  Consideration of Approval of Commissioning of Peace Officers

Chancellor's Recommendation:  That the Board of Trustees approves the commissioning of the following peace officers for the Lone Star College System

Lone Star College–North Harris
Laura Trott

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

Fiscal Impact:  None

Staff Resource:  Rand Key  832-813-6522