WORKSHOP AND REGULAR MEETING OF THE BOARD OF TRUSTEES
LONE STAR COLLEGE SYSTEM
TRAINING AND DEVELOPMENT CENTER BOARD ROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381-4356
February 6, 2020
5:00 p.m.

I. Call to Order

II. Pledge of Allegiance

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

IV. Closed Session

The Board of Trustees, in accordance with Section 551.001, et seq. of the Texas Government Code will move into Closed Session under one or more of the following provision(s) of the ACT:

Section 551.071 – Consultation with Attorney
- Status of Pending or Proposed Litigation
- On any item on the Agenda
- On a matter in which the duty of the attorney to LSCS under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the OMA

Section 551.072 – Deliberation Regarding Real Property
- LSC-CyFair, LSC-Houston North, LSC-Kingwood, LSC-Montgomery, LSC-North Harris, LSC-Tomball, LSC-University Park, LSC-System Office, Future Land Purchases

Section 551.074 – Personnel Matters

Section 551.076 – Deliberation Regarding Security Devices

V. Reconvene Regular Meeting

VI. Introductions, Special Guests, Recognitions

VII. Public Comment

VIII. Workshop

IX. Approval of the Minutes of the December 5, 2019 Workshop and Regular Meeting of the Board of Trustees

X. Special Reports and Announcements
1. Chancellor – Reports and comments from the Chancellor regarding meetings and conferences attended, campus visits, community and district activities, education programs, current affairs related to higher education

2. Presidents – Dr. Shah Ardalan

3. Vice Chancellors

4. Faculty Senate Presidents

5. Board Members
   - Reports and comments from Board chair and Board members regarding meetings and conferences attended, campus visits, community and district activities, education programs, current affairs related to higher education
   - Board Committee Reports

XI. Consideration of the Consent Agenda

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

XII. Financial Reports and Considerations

A. Consideration of Approval for Order Authorizing the Issuance of Lone Star College (the “College”) Limited Tax General Obligation Refunding Bonds, Series 2020, and Other Series or Subseries Designated by this Order; Providing for the Award of the Sale in Accordance with Specified Parameters; Authorizing the Redemption and or Defeasance Prior to Maturity of Certain Outstanding Bonds of the College and Authorizing the Chancellor and or the Chief Financial Officer to Take All Necessary Steps to Cause the Redemption and or Defeasance of Such Bonds; and Enacting Other Provisions Related Thereto (ACTION ITEM 1)

B. Consideration of Approval and Acceptance of the Comprehensive Annual Financial Report (“CAFR”) and the Independent Auditors’ Reports (ACTION ITEM 2)

C. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement on Behalf of Lone Star College (the “College”) with the Humble Independent School District Police Department (ACTION ITEM 3)
D. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement on Behalf of Lone Star College (the “College”) with the Texas Commission on Fire Protection (“TCFP”) to deliver internet-based certification examinations to Testing Centers at Lone Star College-Kingwood (“LSC-Kingwood”), Lone Star College-Montgomery (“LSC-Montgomery”), and Lone Star College-North Harris (“LSC-North Harris”) (ACTION ITEM 4)

E. Consideration of Approval to Authorize the Chancellor or Designee to Purchase Additional Session Initiation Protocol (“SIP”) Trunking and Transport Services (ACTION ITEM 5)

F. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) to Purchase Architectural Services for Lone Star College-University Park (“LSC-University Park”) (ACTION ITEM 6)

G. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute One or More Guaranteed Maximum Price (“GMP”) Contracts on Behalf of Lone Star College (the “College”) for Construction Services for the Lone Star College-Montgomery (“LSC-Montgomery”) Student Services Center Building (ACTION ITEM 7)

H. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute One or More Guaranteed Maximum Price (“GMP”) Contracts on Behalf of Lone Star College (the “College”) for Surface Parking Construction Services at the Lone Star College-Kingwood (“LSC-Kingwood”) (ACTION ITEM 8)

I. Consideration of Approval to Authorize the Chancellor or Designee to Purchase Specialty Equipment, Furniture, IT Equipment, IT Infrastructure, and Miscellaneous Consultant Services for Lone Star College-Fallbrook Center (“LSC-Fallbrook”) (ACTION ITEM 9)

J. Consideration of Approval of a Bid for the Resale of Tax Property Described as: Reserve 25, Block 22, Section 4, Roman Forest, a Subdivision out of the Pryor Bryan Survey, Abstract 76, Montgomery County, Texas (ACTION ITEM 10)

K. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement between Lone Star College (the “College”) and The University of Texas at Austin (Charles A. Dana Center), an agency of the State of Texas to provide services to the Charles A. Dana Center for the Transfer Partnership Strategy (TPS) (ACTION ITEM 11)
L. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) to Purchase Construction Services for Lone Star College-Houston North (“LSC-Houston North”) Fairbanks (ACTION ITEM 12)

XIII. Personnel Report and Considerations

M. Consideration and Authorization for the Chancellor or Designee to Execute Proposed Employment Contracts for the Attached Individuals (ACTION ITEM 13)

XIV. Financial Report

Monthly Financial Statements

XV. Buildings and Grounds Report

Construction Projects Update

XVI. Suggested Future Agenda Items

XVII. Adjournment

If during the course of the meeting covered by this notice, the Board should determine that a closed session of the Board should be held or is required in relation to an item noticed in this meeting, then such closed session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board concerning any and all subjects and for any and all purposes permitted by Section 551.071-551.089, inclusive, of the Open Meetings Act, including, but not limited to:

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 551.082 - Student Discipline
Section 551.0821 - Personally Identifiable Information About Student
Section 551.084 - Exclusion of Witness
Section 551.087 - Economic Development Negotiations
I, Stephen C. Head, Chancellor of the Lone Star College System, do hereby certify that a notice of this meeting was posted on Monday the 3rd day of February, 2020 in a place convenient to the public at LSC-System Office The Woodlands, The Woodlands Leadership Building, 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 3rd day of February, 2020.
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
December 5, 2019
5:00 p.m.

PRESENT: Dr. Alton Smith, Chair
Ms. Myriam Saldivar, Vice Chair
Mr. Art Murillo, Secretary
Ms. Linda Good, Assistant Secretary
Mr. David Vogt
Mr. Mike Sullivan
Mr. Ken Lloyd
Ms. Ernestine Pierce
Mr. Michael Stoma

I. CALL TO ORDER: Chair Smith 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: Trustee Murillo led the Board and guests in reciting the Pledge of Allegiance.

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

Dr. Smith congratulated Mr. Stoma, Mr. Sullivan and Ms. Pierce for their first anniversary on the board of trustees.

IV. CLOSED SESSION: At 5:03 p.m. Chair Smith 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
  • Status of Pending or Proposed Litigation
  • On any item on the Agenda
  • On a matter in which the duty of the attorney to LSCS under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the OMA
V. **RECONVENE REGULAR MEETING:** Chair Smith reconvened the open meeting at 6:22 p.m.

VI. **INTRODUCTIONS, SPECIAL GUESTS AND RECOGNITIONS:** Dr. Head introduced Jamie Swinnerton with the Houston Chronicle and Dr. Jim Cain, former superintendent with Klein ISD.


VII. **PUBLIC COMMENT:** John Burghduff representing the AFT addressed the board about Co-requisite math classes at Lone Star College.

VIII. **WORKSHOP:** Dr. Archie Blanson, vice chancellor of student success introduced Jamie Posey, associate vice chancellor of student success. Ms. Posey gave a presentation on Enrollment Management, discussing the short term and long-term plans to increase enrollment. Strategies developed for recruitment and admissions include calling campaigns, mailers, email campaigns and fast pass express registration. Strategies developed for retention, registration, payment and financial aid include mobile advising, re-enroll video and hyped registration kick-off at campuses, and incentivized early registration. Progress has been made in time to complete degree and excess credits decreasing.

IX. **APPROVAL OF THE MINUTES OF THE NOVEMBER 7, 2019 WORKSHOP AND REGULAR MEETING:** upon a motion by Mr. Vogt and a second by Ms. Good, the board approved the minutes of the November 7, 2019 Workshop and Regular Meeting. Mr. Stoma, Ms. Saldívar and Mr. Murillo abstained.

X. **SPECIAL REPORTS AND ANNOUNCEMENTS:**

1. **Chancellor:** Lone Star College will have nine additional counselors after the first of the year. The Foundation golf tournament held in November raised $130,000 and added
the Foundation added $180,000 through the 2019 employee giving campaign. A book fund campaign raised over $5,000 for purchase of books for students in its first week.

2. **Presidents:** None.

3. **Vice Chancellors:** Dr. Dwight Smith vice chancellor of academic affairs introduced Ms. Linda Head, senior associate vice chancellor for external employer relations. Ms. Head gave a presentation on workforce programs and how workforce data, labor data and feedback from the employer’s help determine the need for programs offered and what campus offers the programs.

4. **Faculty Senate Presidents:** None.

5. **Board Members:** Mr. Sullivan attended the firefighters and paramedic leadership meeting at LSC-UP where Lone Star College listened to input on what was needed and how Lone Star College can help.

   Mr. Vogt attended a THECB conference. THECB understands that community colleges are critical in providing an educated workforce.

   Ms. Good discussed the board of trustee’s endowment fund for the Lone Star College Foundation.

   Trustee Pierce has been undergoing physical therapy and one of the past LSC-Montgomery college students was her therapist.

   Dr. Smith attended the Fallbrook groundbreaking in early November, the Human Library at LSC-North Harris, the Small Business Development Center awards luncheon and played in the annual golf tournament. Dr. Smith also attended the CCATT meetings.

XI. **CONSIDERATION OF THE CONSENT AGENDA:** Chair Smith proceeded with the Consent Agenda. Action Item 3 was pulled from the agenda with action to be taken at a future board meeting. Action Items 6 and 7 were removed from the agenda with action to be considered separately. Mr. Sullivan made a motion to approve Action Items 1, 2, 4, 5, 8, 9, 10, 11, 12, 13 and 14. Mr. Vogt seconded the motion and the Board unanimously passed the Consent Agenda. A copy is attached as Exhibit “B”.

XII. **POLICY REPORTS AND CONSIDERATIONS:**

1. **Consideration and Approval to Change the May 7, 2020 Board Meeting Date per LSC Board Policy I.F.1.04. – Time and Place (ACTION ITEM 1):** the Board of Trustees approved moving the Thursday, May 7, 2020 Workshop and Regular Board Meeting to Tuesday, May 5, 2020 due to the LSC-Montgomery’s commencement ceremony that will be held on Thursday, May 7, 2020 and LSC-Tomball’s commencement ceremony
that will be held on Wednesday, May 6, 2020. This item was passed in the Consent Agenda. A copy is attached as Exhibit “C”

2. Consideration and Approval of the Lone Star College (the “College”) System Board Policy Manual Section III.C.2. Investment Management (ACTION ITEM 2): the Board of Trustees considered and approved the College’s Board Policy Manual Section III.C.2. Investment Management. This item was passed in the Consent Agenda. A copy is attached as Exhibit “D”.

XIII. FINANCIAL REPORTS AND CONSIDERATIONS:

1. Consideration of Approval and Acceptance of the Comprehensive Annual Financial Report (“CAFR”) and the Independent Auditors’ Reports (ACTION ITEM 3): this item was pulled from the agenda with action to be taken at a future board meeting. A copy is attached as Exhibit “E”.

2. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement and a Resolution on Behalf of Lone Star College (the “College”) with Educational Purchasing Interlocal Cooperative at ESC Region 6 (“EPIC6”) (ACTION ITEM 4): the Board of Trustees authorized the Chancellor or Designee to negotiate and execute an Interlocal Agreement and a Resolution on behalf of the College with EPIC6, 3332 Montgomery Road, Huntsville, TX 77340. This item was passed in the Consent Agenda. A copy is attached as Exhibit “F”.

3. Consideration of Approval to Authorize the Chancellor or Designee to Purchase Computerized Assessment Tests (ACTION ITEM 5): the Board of Trustees authorized the purchase of computerized assessment tests with College Entrance Examination Board, 250 Vesey Street, New York, NY 10281, for a sum not exceeding $1,500,000 over a five-year period. This item was passed in the Consent Agenda. A copy is attached as Exhibit “G”.

4. Consideration of Approval to Authorize the Chancellor or Designee to Purchase Professional Services with Weaver and Tidwell, LLP (ACTION ITEM 6): upon a motion by Mr. Sullivan and a second by Mr. Vogt the Board of Trustees authorized the Chancellor or designee to purchase professional services under an existing Master Services Agreement from Weaver and Tidwell, LLP (“Weaver”), 24 Greenway Plaza, Suite 1800, Houston, TX 77046 for a sum not exceeding $189,000 to assist with conducting internal audits of construction projects. Voting for: Mr. Stoma, Mr. Vogt, Mr. Smith, Ms. Saldivar, Ms. Good, Mr. Murillo and Ms. Pierce. Voting no: Mr. Sullivan and Mr. Lloyd. A copy is attached as Exhibit “H”.

5. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) to Purchase Specialized Equipment for the Mechatronics Degree Program at Lone Star College-North Harris (“LSC-North Harris”): (ACTION ITEM 7): upon a motion by Mr. Vogt and a second by Mr. Sullivan the Board of Trustees authorized the Chancellor or designee to negotiate and execute contracts on behalf of the College to purchase
specialized equipment for the Mechatronics Degree Program with T.S. Enterprise Associates, Inc., dba Advanced Technologies Consultants, 110 W. Main Street, Northville, MI 48167, in a sum not exceeding $1,391,000. A copy is attached as Exhibit “I”.

6. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) to Purchase Construction Services for Lone Star College-Houston North (“LSC-Houston North”) Fairbanks (ACTION ITEM 8): the Board of Trustees authorized the Chancellor or designee to negotiate and execute contracts on behalf of the College for construction services with Vaughn Construction (“Vaughn”), 10355 Westpark Drive, Houston, Texas for LSC-Houston North Fairbanks in a sum not exceeding $1,000,000. If negotiations cease for any reason with Vaughn, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. The term of the contract shall be for the duration of the project awarded. This item was passed in the Consent Agenda. A copy is attached as Exhibit “I”.

7. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) to Purchase Construction Services for Lone Star College-Houston North (“LSC-Houston North”) Greenspoint (ACTION ITEM 9): the Board of Trustees authorized the Chancellor or designee to negotiate and execute contracts on behalf of the College with Vaughn Construction (“Vaughn”), 10355 Westpark Drive, Houston, Texas for construction services for LSC-Houston North Greenspoint for a sum not exceeding $700,000. 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 on Behalf of Lone Star College (the “College”) to Purchase Construction Manager-At-Risk (“CMAR”) Construction Management Services for the Lone Star College-University Park (“LSC-University Park”) Visual Arts Building (ACTION ITEM 9): the Board of Trustees authorized the Chancellor or designee to negotiate and execute a contract on behalf of the College for CMAR services with Durotech Inc. General Contractors (“Durotech”), 11931 Wickchester Lane, Suite 205, Houston, Texas in a sum not exceeding $1,500,000. If negotiations cease for any reason with Durotech, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. The term of the contract shall be for the duration of the project awarded. 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 on Behalf of Lone Star College (the “College”) for Construction of the Lone Star College-Tomball (“LSC-Tomball”) Entrances Landscaping (ACTION ITEM 11): the Board of Trustees authorized the Chancellor or designee to negotiate and execute a contract on behalf of the College for construction with Landscape Art, Inc., 2303 Dickinson Avenue, League City, Texas, for the LSC-Tomball entrances
landscaping in a sum not exceeding $800,000. If negotiations cease for any reason with Landscape Art, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. The term of the contract shall be for the duration of the project awarded. 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 One or More Guaranteed Maximum Price (“GMP”) Contracts on Behalf of Lone Star College (the “College”) for Construction Services of the Lone Star College-Kingwood (“LSC-Kingwood”) Healthcare Instructional Building (ACTION ITEM 12): the Board of Trustees authorized the Chancellor or designee to negotiate and execute one or more GMP contracts on behalf of the College for additional construction services with CMAR Tellepsen Builders, L.P. (Tellepsen) 777 Benmar Drive, Suite 400, Houston, Texas for the LSC-Kingwood Healthcare Instructional Building in a sum not exceeding $19,300,000, for a total revised sum not exceeding $20,453,494. This item was passed in the Consent Agenda. A copy is attached as Exhibit “N”.

11. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute Master Service Contracts to Solicit and Develop Agreements on Behalf of Lone Star College (the “College”) for Consulting Services with Registered Accessibility Specialists (“RAS”) (ACTION ITEM 13): the Board of Trustees authorized the Chancellor or designee to negotiate and execute agreements on behalf of the College for consulting services with RAS firms in a sum not exceeding $800,000 from Bond funds and a sum not exceeding $700,000 from R&R funds, with a total sum not exceeding $1,500,000 over a five-year period. This item was passed in the Consent Agenda. A copy is attached as Exhibit “O”.

PERSONNEL REPORTS AND CONSIDERATIONS:

1. Consideration and Authorization for the Chancellor or Designee to Execute Proposed Employment Contracts for the Attached Individuals (ACTION ITEM 14): the Board of Trustees authorized the Chancellor or a designee to execute proposed employment contracts for the attached individuals. Each individual’s name, job title, not-to-exceed contract sum, and hire start date is attached. This item was passed in the Consent Agenda. A copy is attached as Exhibit “P”.

XIV. FINANCIAL REPORT

Monthly Financial Report: Ms. Jennifer Mott, vice chancellor and CFO for finance and administration, presented the monthly financial statements for the month ended October 31, 2019. A copy is attached as Exhibit “Q”.

XV. BUILDING AND GROUNDS REPORTS:

Construction Projects Update: the Board reviewed the report as presented. A copy is attached as Exhibit “R”.
XVI. **SUGGESTED FUTURE AGENDA ITEMS:** None.

XVII. **ADJOURNMENT:** There being no further business, the meeting was adjourned at 7:55 p.m.

ATTEST:

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

Consent Agenda:

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

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

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

Tally of Action Items:

<table>
<thead>
<tr>
<th>#</th>
<th>Action Description</th>
<th>Consent Agenda</th>
<th>Chancellor Recommended Separate Action</th>
<th>Board Separate Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Approve Order Issuing Tax Bonds, Series 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Approve CAFR and Independent Auditor’s Report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Approve Interlocal Agree/Humble ISD/Police Department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Approve Interlocal Agree/TCFP/Cert/Exams/Testing/Ctrs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Approve Purch Add’l SIP Trunking/Transport Svcs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Auth Chan/Exec/Purch/Arch/Svcs/LSC-UP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Auth Chan/Exec/GMP/Contr/Const/Svcs LSC-Mont</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Auth Chan/Exec/GMP/Contr/Surface/Park/Svcs/LSC-K</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Auth Chan Exec/Purch/Spec/Equip/LSC-Fallbrook Ctr</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#10</td>
<td>Approve Bid/Resale/Tax Prop/Montgomery County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#11</td>
<td>Auth Chan/Exec/Interlocal/Agree/UofTexas/Austin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#12</td>
<td>Auth Chan/Exec/Cont/Const/Svcs/LSC-HN Fairbanks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#13</td>
<td>Auth Chan Exec/Employment Contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Request: Consideration of Approval for Order Authorizing the Issuance of Lone Star College (the “College”) Limited Tax General Obligation Refunding Bonds, Series 2020, and Other Series or Subseries Designated by this Order; Providing for the Award of the Sale in Accordance with Specified Parameters; Authorizing the Redemption and or Defeasance Prior to Maturity of Certain Outstanding Bonds of the College and Authorizing the Chancellor and or the Chief Financial Officer to Take All Necessary Steps to Cause the Redemption and or Defeasance of Such Bonds; and Enacting Other Provisions Related Thereto

Chancellor’s Recommendation: That the Board of Trustees approve the order authorizing the issuance of the College Limited Tax and or Taxable General Obligation Refunding Bonds, Series 2020, and the redemption and or defeasance of certain outstanding debt in a sum not exceeding $20,000,000. This authorization will remain in effect for up to six months from the date of Board approval.

Rationale: The College has about $579,645,000 in outstanding general obligation bonds that are continually reviewed for refunding opportunities in the current market. This parameter order allows the Financial Operations and Facilities staff, with the assistance of RBC, the College’s financial advisor, to identify the most optimal bonds to refund in the prevailing market up to $20,000,000 in par value. It also allows the staff to identify the most optimal time to issue the proposed refunding bonds to secure lower interest rates.

Fiscal Impact: Based on market conditions on January 13, 2020 about $20,000,000 in general obligation bonds would be selected as refunding candidates and if refunded would produce over $5 million in tax payer savings over time (net of expenses), or over 15% of the par refunded on the present value.

Staff Resource: Jennifer Mott 832-813-6512
ORDER

OF LONE STAR COLLEGE SYSTEM

AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING BONDS OF LONE STAR COLLEGE SYSTEM

AND

AUTHORIZING THE ISSUANCE OF

LONE STAR COLLEGE SYSTEM
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
SERIES 2020

Adopted: February 6, 2020
# TABLE OF CONTENTS

## ARTICLE I

**RECITALS, DEFINITIONS AND OTHER PRELIMINARY MATTERS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.01</td>
<td>Recitals</td>
<td>2</td>
</tr>
<tr>
<td>1.02</td>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>1.03</td>
<td>Other Definitions</td>
<td>5</td>
</tr>
<tr>
<td>1.04</td>
<td>Findings</td>
<td>5</td>
</tr>
<tr>
<td>1.05</td>
<td>Table of Contents, Titles and Headings</td>
<td>5</td>
</tr>
<tr>
<td>1.06</td>
<td>Interpretation</td>
<td>6</td>
</tr>
</tbody>
</table>

## ARTICLE II

**SECURITY FOR THE BONDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.01</td>
<td>Tax Levy</td>
<td>6</td>
</tr>
</tbody>
</table>

## ARTICLE III

**AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.01</td>
<td>Authorization</td>
<td>6</td>
</tr>
<tr>
<td>3.02</td>
<td>Date, Denomination, Maturities, and Interest</td>
<td>7</td>
</tr>
<tr>
<td>3.03</td>
<td>Medium, Method and Place of Payment</td>
<td>7</td>
</tr>
<tr>
<td>3.04</td>
<td>Execution and Registration of Bonds</td>
<td>8</td>
</tr>
<tr>
<td>3.05</td>
<td>Ownership</td>
<td>9</td>
</tr>
<tr>
<td>3.06</td>
<td>Registration, Transfer and Exchange</td>
<td>9</td>
</tr>
<tr>
<td>3.07</td>
<td>Cancellation</td>
<td>10</td>
</tr>
<tr>
<td>3.08</td>
<td>Replacement Bonds</td>
<td>10</td>
</tr>
<tr>
<td>3.09</td>
<td>Book–Entry Only System</td>
<td>11</td>
</tr>
<tr>
<td>3.10</td>
<td>Successor Securities Depository; Transfer Outside Book–Entry Only System</td>
<td>12</td>
</tr>
<tr>
<td>3.11</td>
<td>Payments to Cede &amp; Co</td>
<td>12</td>
</tr>
</tbody>
</table>

## ARTICLE IV

**REDEMPTION OF BONDS BEFORE MATURITY**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.01</td>
<td>Limitation on Redemption</td>
<td>12</td>
</tr>
<tr>
<td>4.02</td>
<td>Optional Redemption</td>
<td>12</td>
</tr>
<tr>
<td>4.03</td>
<td>Mandatory Sinking Fund Redemption</td>
<td>12</td>
</tr>
<tr>
<td>4.04</td>
<td>Partial Redemption</td>
<td>13</td>
</tr>
<tr>
<td>4.05</td>
<td>Notice of Redemption to Owners</td>
<td>13</td>
</tr>
</tbody>
</table>
Section 4.06. Payment Upon Redemption .................................................................14
Section 4.07. Effect of Redemption ........................................................................14
Section 4.08. Lapse of Payment .............................................................................14

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar ..................................14
Section 5.02. Qualifications ...................................................................................15
Section 5.03. Maintaining Paying Agent/Registrar ..................................................15
Section 5.04. Termination ......................................................................................15
Section 5.05. Notice of Change to Owners ...............................................................15
Section 5.06. Agreement to Perform Duties and Functions .......................................15
Section 5.07. Delivery of Records to Successor ......................................................15

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally ..................................................................................15
Section 6.02. CUSIP Registration ..........................................................................16
Section 6.03. Bond Insurance ................................................................................16
Section 6.04. Legal Opinion ...................................................................................16

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds, Official Statement ......................................................16
Section 7.02. Deposit of Proceeds .........................................................................18
Section 7.03. Control and Delivery of Bonds ..........................................................18

ARTICLE VIII

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 8.01. Payment of the Bonds .......................................................................18
Section 8.02. Other Representations and Covenants ...............................................18
Section 8.03. Taxable Bonds .................................................................................19
Section 8.04. Federal Income Tax Matters for Tax-Exempt Bonds .......................19

ARTICLE IX

DISCHARGE

Section 9.01. Discharge ..........................................................................................20
ARTICLE X

SUBSCRIPTION FOR SECURITIES; APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED BONDS; REFUNDING/DEFEASANCE OF SYSTEM BONDS

Section 10.01. Subscription for Securities .................................................................20
Section 10.02. Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Bonds ...........................................20
Section 10.03. Redemption and Defeasance of Refunded Bonds .............................21

ARTICLE XI

CONTINUING DISCLOSURE UNDERTAKING

Section 11.01. Annual Reports .....................................................................................21
Section 11.02. Event Notices .......................................................................................22
Section 11.03. Limitations, Disclaimers and Amendments .......................................23
Section 11.04. Amendments to the Rule .....................................................................24

ARTICLE XII

MISCELLANEOUS

Section 12.01. Appointment of Bond Counsel ............................................................25
Section 12.02. Changes to Order ................................................................................25
Section 12.03. Severability and Savings ...................................................................25
Section 12.04. Related Matters ..................................................................................25
Section 12.05. Individuals Not Liable ........................................................................25
Section 12.06. Force and Effect ..................................................................................25

Schedule I – Schedule of Refunded Bond Candidates
Attachment A – Form of Pricing Certificate
AN ORDER AUTHORIZING THE ISSUANCE OF LONE STAR COLLEGE SYSTEM LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020; PROVIDING FOR THE SALE THEREOF IN ACCORDANCE TO SPECIFIED PARAMETERS; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS AND AUTHORIZING THE CHANCELLOR AND/OR CHIEF FINANCIAL OFFICER TO TAKE ALL NECESSARY STEPS TO CAUSE THE REDEMPTION OF SUCH BONDS; APPROVING AGREEMENTS AND OFFERING DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AND ENACTING OTHER PROVISIONS RELATED THERETO

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

WHEREAS, there are presently outstanding certain obligations of Lone Star College System (formerly, North Harris Montgomery Community College District) (the “System”), described in Schedule I attached hereto and incorporated herein by referenced for all purposes (the “Refunded Bond Candidates”); and

WHEREAS, it is intended that all or a portion of the Refunded Bond Candidates shall be designated as Refunded Bonds (as hereinafter defined) in the Pricing Certificate(s) (as hereinafter defined) and shall be refunded pursuant to this Order and the Pricing Certificate(s); and

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

WHEREAS, the System desires to authorize the execution of one or more escrow agreements or deposit agreements in order to provide for the deposit of proceeds of the refunding bonds and, to the extent specified pursuant hereto, other lawfully available funds of the System, to pay the redemption price of the Refunded Bonds when due; and

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

WHEREAS, the Board of Trustees of the System (the “Board”) hereby finds and determines that the issuance and delivery of the refunding bonds in one or more series hereinafter
authorized is in the public interest and the use of proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, the Board hereby finds and determines that the refunding of the Refunded Bonds as contemplated in this Order will benefit the System by providing a present value savings in the debt service payable by the System, and that such benefit is sufficient consideration for the refunding of such bonds and is in the best interest of the System that it authorize by this Order the issuance and delivery of its refunding bonds; and

WHEREAS, the System has a principal amount of at least $100,000,000 in a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued, and some amount of such long-term indebtedness is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation, and therefore qualifies as an “Issuer” under Chapter 1371 of the Texas Government Code, as amended (“Chapter 1371”); and

WHEREAS, pursuant to Chapter 1207 and Chapter 1371, the System desires to delegate the authority to effect the sale of the Bonds (as hereinafter defined) to the Authorized Officer (as hereinafter defined); and

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

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

ARTICLE I

RECITALS, DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Recitals. It is hereby found and determined that the matters and facts set out in the preamble of this Order are true and correct.

Section 1.02. Definitions. The terms “Board,” “Chapter 1207,” “Chapter 1371” and “System” have the meanings assigned them in the recitals hereto. Unless otherwise expressly provided in this Order, or unless the context clearly requires otherwise, the following terms shall have the meanings specified below:

“Authorized Officer” means the Chancellor and/or Chief Financial Officer of the System.

“Bond” or “Bonds” means the System’s bonds authorized to be issued by Section 3.01 and such other series or subseries designated by this Order.

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

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

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Dated Date” means the date designated as the date of the Bonds in the Pricing Certificate.

“Debt Service” means, collectively, all amounts due and payable with respect to the Bonds representing the principal, premium, if any, and the interest due on the Bonds, payable at the times and in the manner provided herein and in the Pricing Certificate.

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

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

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

“Escrow Agent” means the escrow agent designated in the Pricing Certificate.

“Escrow Agreement” means one or more escrow agreements by and between the System and the Escrow Agent relating to the Refunded Bonds.

“Escrow Fund” means the fund or funds established by the Escrow Agreement(s) to hold cash and securities for the payment of debt service on the Refunded Bonds.

“Escrow Securities” means (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.
“Fiscal Year” means such fiscal year of the System as shall be set from time to time by the Board.

“Initial Bond” means the Initial Bond for each series of Bonds authorized by Section 3.04(d).

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Order” means this Order.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

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

“Paying Agent Registrar Agreement” means one or more paying agent/registrar agreements by and between the Paying Agent/Registrar and the System relating to the Bonds.

“Pricing Certificate” means a certificate or certificates to be signed by the Authorized Officer in connection with the issuance of the Bonds under this Order from time to time.

“Purchase Contract” means one or more purchase contracts between the System and the Underwriters pertaining to the sale of the Bonds from time to time.

“Record Date” means the Record Date set forth in the Pricing Certificate.

“Refunded Bond Candidates” means the outstanding obligations of the System described in Schedule I attached hereto which are hereby authorized to be designated as Refunded Bonds in the Pricing Certificate.

“Refunded Bonds” means those outstanding obligations designated as such in the Pricing Certificate from the list of Refunded Bond Candidates described in Schedule I attached hereto.

“Register” means the Bond register required by Section 3.06(a).

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representation Letter” means the Blanket Letter of Representations between the System and DTC.
“Representative” means the representative of the Underwriters designated in the Purchase Contract.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

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

“Bond” means any of the Bonds.

“Bonds” means the System’s bonds authorized to be issued by Section 3.01 and such other series or subseries designated by this order.

“Special Payment Date” means the date that is fifteen (15) days after the Special Record Date, as described in Section 3.03(e).

“Special Record Date” means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, as described in Section 3.03(e).

“State” means the State of Texas.

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

“Taxable Bonds” means any Bonds so designated as taxable bonds in the Pricing Certificate.

“Tax-Exempt Bonds” means any Bonds so designated as tax-exempt bonds in the Pricing Certificate.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of Debt Service or money set aside for the payment of Bonds duly called for redemption prior to Stated Maturity and remaining unclaimed by the Owners of such Bonds for ninety (90) days after the applicable payment or redemption date.

“Underwriters” mean the underwriters named in the Purchase Contract.

Section 1.03. **Other Definitions.** The capitalized terms defined in the preamble to this Order shall have the meanings assigned to them in the preamble of this Order.

Section 1.04. **Findings.** The declarations, determinations and findings declared, made and found in the preamble to this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.05. **Table of Contents, Titles and Headings.** The table of contents, titles and headings of the Articles and Sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of
the terms or provisions hereof and shall never be considered or given any effect in construing this Order or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.06. **Interpretation.** Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(a) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Order.

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

**ARTICLE II**

**SECURITY FOR THE BONDS**

Section 2.01. **Tax Levy.** Pursuant to the authority granted by the Constitution and laws of the State, there is hereby levied for the current year and for each succeeding year hereafter while any of the Bonds or any interest thereon is outstanding and unpaid, with respect to the Bonds, an annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the System, at a rate sufficient to pay Debt Service when due and payable, full allowance being made for delinquencies and costs of collection taking into account any available or otherwise unencumbered funds of the System on deposit in the interest and sinking fund designated for the Bonds, and said taxes are hereby irrevocably pledged to pay Debt Service and related costs and to no other purpose; such tax shall be assessed and collected each such year; the proceeds of such tax shall be credited to the interest and sinking fund designated for the Bonds; and the proceeds of such tax shall be appropriated and applied to Debt Service on the Bonds and related costs.

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

**ARTICLE III**

**AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS**

Section 3.01. **Authorization.** The System’s bonds to be designated “Lone Star College System Limited Tax General Obligation Refunding Bonds, Series 2020,” or having such other title or titles as may be designated in the Pricing Certificate(s), are hereby authorized to be issued and delivered, from time to time, in one or more series or subseries, in accordance with the Constitution and laws of the State, including particularly Chapter 1207 and Chapter 1371 for the purpose of refunding the Refunded Bonds. The Bonds authorized to the issued herein may be issued as either Taxable Bonds or Tax-Exempt Bonds, as provided in the Pricing Certificate. The Bonds may be authorized to be issued herein may be issued as separate series or combined into one or more series.
as designated in the Pricing Certificate(s). The total principal amount of the Bonds to be issued from time to time pursuant to this Order to provide funds for the refunding of the Refunded Bonds and to pay the costs of issuing the Bonds shall not exceed $20,000,000.

Section 3.02. **Date, Denomination, Maturities, and Interest.** The Bonds shall be dated the Dated Date as set forth in the Pricing Certificate and shall be in fully registered form without coupons.

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

(b) The Bonds shall mature on the dates and in the principal amounts and shall bear interest at the per annum rates set forth in the Pricing Certificate.

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

Section 3.03. **Medium, Method and Place of Payment.** Debt Service shall be paid in lawful money of the United States of America.

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

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

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

(d) In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the System. Notice of the Special Record Date and of the special payment date of the past due interest (the “Special Payment Date,” which shall be fifteen (15) days after the
Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

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

Section 3.04. Execution and Registration of Bonds. The Bonds shall be executed on behalf of the System by the Chair or Vice Chair and the Secretary of the Board, by their manual or facsimile signatures, and the official seal of the System shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the System had been manually impressed upon each of the Bonds.

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

(b) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond for each series of Bonds delivered at the Closing Date shall have attached thereto the Comptroller’s Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond for each series of Bonds have been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the System, and has been registered by the Comptroller of Public Accounts of the State.

(c) On the Closing Date, the Initial Bond for each series of Bonds, representing the aggregate principal amount of each series of Bonds, the Bonds,
(d) to be payable in stated installments to the Representative or its designee, to be executed by manual or facsimile signatures of the Chair or Vice Chair and the Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, with the Closing will be delivered to the Representative or its designee. Upon payment for the Initial Bond for each series of Bonds, the Paying Agent/Registrar shall cancel the Initial Bond for each series of Bonds and deliver registered definitive Bonds to DTC in accordance with Section 3.09. To the extent the Paying Agent/Registrar is eligible to participate in DTC’s FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership. The System, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof, for the further purpose of making and receiving payment of the interest thereon (subject to the provision herein that interest on the Bonds is to be paid to the person in whose name the Bond is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the System nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

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

Section 3.06. Registration, Transfer and Exchange. So long as any Bonds remain outstanding, the System shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office the Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Order.

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

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

(c) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the System and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.
(d) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

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

Section 3.07. Cancellation. All Bonds paid or redeemed before Stated Maturity in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Order, shall be cancelled upon the making of proper records regarding such payment, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

Section 3.08. Replacement Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding. The System or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(a) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount and bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

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

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

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

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

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

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

Section 3.09. Book–Entry Only System. To the extent so designated in the Pricing Certificate, the definitive Bonds shall be initially issued in the form of a fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

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

Section 3.10. Successor Securities Depository; Transfer Outside Book–Entry Only System. In the event that the System or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the System or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, as applicable, in accordance with the provisions of this Order.

Section 3.11. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments of Debt Service on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before Stated Maturity only as provided in this Article IV and in the Pricing Certificate.

Section 4.02. Optional Redemption. The Bonds shall be subject to redemption at the option of the System at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the Pricing Certificate.

Section 4.03. Mandatory Sinking Fund Redemption. The Bonds designated as “Term Bonds” in the Pricing Certificate (the “Term Bonds”), if any, are subject to scheduled mandatory redemption and will be redeemed by the System, in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund, on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(a) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds as provided for in the Pricing Certificate.
Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(b) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.02 shall be reduced, at the option of the System, by the principal amount of any Term Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the System at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption. If less than all of the Bonds are to be redeemed pursuant to Section 4.02, the System shall determine the maturities (or mandatory sinking fund payments with respect to Term Bonds, if any) and the principal amount thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or any other customary random selection method such Bonds for redemption.

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

(b) The System reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02, conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the System retains the right to rescind such notice at any time prior to the scheduled redemption date if the System delivers a certificate of the System to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain outstanding.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Order, shall authenticate and deliver exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.

Section 4.05. Notice of Redemption to Owners. The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.
(a) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

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

Section 4.06. Payment Upon Redemption. Before or on each redemption date, the System shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the interest and sinking fund or otherwise received by the Paying Agent/Registrar from the System and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

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

Section 4.07. Effect of Redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

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

Section 4.08. Lapse of Payment. Money set aside for the redemption of the Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. The Authorized Officer is hereby authorized to select and appoint the initial Paying Agent/Registrar for the Bonds, and the initial Paying Agent/Registrar shall be designated in the Pricing Certificate.

(a) The Board hereby approves the form of Paying Agent/Registrar Agreement specifying the duties and responsibilities of the System and the Paying Agent/Registrar, and the Authorized Officer is hereby authorized and directed to execute and deliver or cause the execution and delivery by the Chair or Vice Chair and the Secretary of the Board, of one or more Paying Agent/Registrar Agreements.
Section 5.02. **Qualifications.** Each Paying Agent/Registrar shall be a commercial bank or a trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. **Maintaining Paying Agent/Registrar.** At all times while any Bonds are outstanding, the System will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Order.

(a) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the System will promptly appoint a replacement.

Section 5.04. **Termination.** The System reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) forty-five (45) days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor paying agent/registrar has assumed the duties of paying agent/registrar for the Bonds.

Section 5.05. **Notice of Change to Owners.** Promptly upon each change in the entity serving as Paying Agent/Registrar, the System will cause notice of the change to be sent to each Owner by United States mail, first class, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. **Agreement to Perform Duties and Functions.** By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Order and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.07. **Delivery of Records to Successor.** If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

**ARTICLE VI**

**FORM OF THE BONDS**

Section 6.01. **Form Generally.** The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State to accompany the Initial Bond for each series of Bonds, the Certificate of the Paying Agent/Registrar and the Assignment form to appear on each of the Bonds (i) shall be substantially in the form set forth in the Pricing Certificate, attached hereto as Attachment A, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order and the Pricing Certificate, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon.
as, consistently herewith, may be determined by the System or by the officers executing such
Bonds, as evidenced by their execution thereof.

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

Section 6.02. CUSIP Registration. The System may secure identification numbers
through the CUSIP Global Services, managed on behalf of the American Bankers Association by
S&P Global Market Intelligence, or another entity that provides securities identification numbers
for municipal securities, and may authorize the printing of such numbers on the face of the Bonds.
It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds
or any errors or omissions in the printing of such number shall be of no significance or effect in
regard to the legality thereof and neither the System nor Bond Counsel are to be held responsible
for CUSIP numbers incorrectly printed on the Bonds.

Section 6.03. Bond Insurance. If it is determined that the purchase of bond insurance
would result in savings to the System, the Authorized Officer is hereby authorized to approve the
purchase of and payment of the premium for bond insurance by the System and the terms of
commitment for such insurance, if any. All officials and representatives of the System are
authorized and directed to execute such documents and to do any and all things necessary or
desirable to obtain such insurance. A statement relating to the bond insurance obtained for the
Bonds, if any, may be printed on or attached to each Bond.

Section 6.04. Legal Opinion. The approving legal opinion of Bond Counsel may be
attached to or printed on the reverse side of each definitive Bond over the certification of the
Secretary of the Board, which may be executed in facsimile.

ARTICLE VII
SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds, Official Statement. The Bonds shall be sold to the
Underwriters in accordance with the terms of this Order. As authorized by Chapter 1207 and
Chapter 1371, the Authorized Officer is authorized to act on behalf of the System, from time to
time, in selling and delivering the Bonds and in carrying out the other procedures specified in this
Order, including determining the Underwriters, the price at which each of the Bonds will be sold,
the number and designation of each series or subseries of Bonds to be issued from time to time,
whether each series of Bonds will be issued as Taxable Bonds or Tax-Exempt Bonds, the form in
which the Bonds shall be issued, the years and dates on which the Bonds will mature, the principal
amount to mature in each of such years, and the defeasance provisions for the Bonds; selecting the
specific maturities or series of Refunded Bonds to be refunded by each series of Bonds from the
list of Refunded Bond Candidates, the aggregate principal amount of Refunded Bonds, the
aggregate principal amount of Bonds to be issued by the System, the rate of interest to be borne
by each maturity of the Bonds, the Interest Payment Dates, the dates, prices and terms upon and at
which the Bonds shall be subject to redemption prior to maturity at the option of the System and
shall be subject to mandatory sinking fund redemption, retaining a verification agent, if any, and
determining all other matters relating to the issuance, sale and delivery of the Bonds and the
refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; subject
to the following conditions:

(i) the Bonds shall not bear interest at a rate greater than the maximum rate
allowed under Section 1204.006, Texas Government Code, as amended;

(ii) the aggregate principal amount of the Bonds authorized to be issued for the
purposes described in Section 3.01 shall not exceed the limit described in Section 3.01 of
this Order;

(iii) the refunding of the Refunded Bonds shall produce a net present value debt
service savings of at least 4.00% of the principal amount of the Refunded Bonds being
refunded with such series of Bonds;

(iv) the Pricing Certificate for each series of Bonds shall indicate the amount of
refunding authority remaining under Section 3.01 of this Order, if any, following the
issuance of such series of Bonds if additional refunding Bonds are to be issued under this
Order; and

(v) no Bond shall mature more than forty (40) years after the Closing Date.

The Authorized Officer is hereby authorized and directed to execute and deliver on behalf
of the System one or more Purchase Contracts, providing for the sale of the Bonds to the
Underwriters, in such form as determined by the Authorized Officer. The Authorized Officer is
hereby authorized and directed to approve the final terms and provisions of each Purchase Contract
in accordance with the terms of the Pricing Certificate and this Order, which final terms shall be
determined to be the most advantageous reasonably attainable by the System, such approval and
determination being evidenced by the execution of the Purchase Contract by the Authorized
Officer. All officers, agents and representatives of the System are hereby authorized to do any and
all things necessary or desirable to satisfy the conditions set out therein and to provide for the
issuance and delivery of the Bonds. The Initial Bond for each series of Bonds shall initially be
registered in the name of the Representative or such other entity as may be specified in the
Purchase Contract.

(b) The authority granted to the Authorized Officer under Section 7.01(a) shall expire
at 11:59 p.m. on at one hundred eighty (180) days from the date of this Order, unless otherwise
extended by the Board by separate action.

(c) The System hereby authorizes the preparation of one or more Preliminary Official
Statements for use in the initial offering and sale of the Bonds and authorizes the Authorized
Officer to approve the form of and deem the Preliminary Official Statement(s) (with such addenda,
supplements or amendments as may be approved by the Authorized Officer) final within the
meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities and
Exchange Act of 1934 on behalf of the System. The System hereby authorizes the preparation of
one or more final Official Statements reflecting the terms of the applicable Purchase Contract and
other relevant information. The use of such final Official Statement(s) by the Underwriters (in the

-17-
form and with such appropriate variations as shall be approved by the Authorized Officer and the Underwriters) is hereby approved and authorized and the proper officials of the System are authorized to sign such Official Statement.

(d) The Chair of the Board, the Secretary of the Board, the Authorized Officer and all other officers of the System are authorized to take such actions, to obtain such consents or approvals, to deliver such notices and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, to effectuate the refunding of the Refunded Bonds and to effectuate the terms and provisions of this Order, including, without limitation, making application for the guarantee of the permanent school fund for the Bonds from the Texas Education Agency.

Section 7.02. Deposit of Proceeds. The proceeds from the sale of the Bonds, and available funds of the System, if any, shall be deposited as set forth in the Pricing Certificate. Proceeds from the sale of the Bonds may, at the option of the System, be invested in any investments authorized by Texas law, provided that all such investments shall be made in a manner that the money required to be expended will be available at the proper time.

Section 7.03. Control and Delivery of Bonds. The Authorized Officer is hereby authorized to have control of the Initial Bond for each series of Bonds and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(a) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Representative under and subject to the general supervision and direction of the Authorized Officer, or, in his absence, any officer of the Board, against receipt by the System of all amounts due to the System under the terms of sale.

ARTICLE VIII

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 8.01. Payment of the Bonds. On or before each date on which Debt Service is due on the Bonds, there shall be made available to the Paying Agent/Registrar, out of the interest and sinking fund, money sufficient to pay such Debt Service when due.

Section 8.02. Other Representations and Covenants. The System will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Order and in each Bond; the System will promptly pay or cause to be paid Debt Service on the dates and at the places and manner prescribed in such Bond; and the System will, at the times and in the manner prescribed by this Order, deposit or cause to be deposited the amounts of money specified by this Order.

(a) The System is duly authorized under the laws of the State to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the System in accordance with their terms.
Section 8.03. **Taxable Bonds.** The System does not intend to issue Bonds designated as Taxable Bonds in a manner such that the Taxable Bonds would constitute obligations described in section 103(a) of the Code.

Section 8.04. **Federal Income Tax Matters for Tax-Exempt Bonds.**

(a) **General.** The System covenants not to take any action or omit to take any action, if taken or omitted, would cause the interest on the Tax-Exempt Bonds to be includable in gross income, for federal income tax purposes. In furtherance, the System covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the System in connection with the Bonds.

(b) **No Private Activity Bonds.** The System covenants that it will use the proceeds of the Tax-Exempt Bonds (including investment income) and the property financed, directly or indirectly with such proceeds so that the Tax-Exempt Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the System will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Tax-Exempt Bonds to be “private activity bonds” unless it takes a remedial action permitted by Section 1.141-12 of the Regulations.

(c) **No Federal Guarantee.** The System covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Tax-Exempt Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) **No Hedge Bonds.** The System covenants not to take any action or omit to take action that, if taken or omitted, would cause the Tax-Exempt Bonds to be “hedge bonds” within the meaning of section 148(a) of the Code.

(e) **No Arbitrage Bonds.** The System covenants that it will make such use of the proceeds of the Tax-Exempt Bonds (including investment income) and regulate the investment of such proceeds of the Tax-Exempt Bonds so that the Tax-Exempt Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) **Arbitrage Rebate.** The System covenants that, if the System does not qualify for an exception to the requirements of section 148(f) of the Code, the System will comply with the requirement that certain amounts earned by the System on the investment of the gross proceeds of the Tax-Exempt Bonds, be rebated to the United States.

(g) **Information Reporting.** The System covenants to file or cause to be filed with the Secretary of the Treasury, an information statement concerning the Tax-Exempt Bonds, in accordance with section 149(e) of the Code.

(h) **Record Retention.** The System covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Refunded Bonds and the Tax-Exempt Bonds and the use of property financed directly or indirectly, thereby until three (3) years after the last Tax-Exempt Bond is redeemed or paid at maturity (or such other period as
provided by subsequent guidance issued by the Department of the Treasury in a manner that ensures their complete access throughout such retention period.

(i) **Registration.** The Tax-Exempt Bonds will be issued in registered form.

(j) **Favorable Opinion of Bond Counsel.** Notwithstanding the foregoing, the System will not be required to comply with any of the federal tax covenants set forth above if the System has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

(k) **Continuing Compliance.** Notwithstanding any other provision of this Order, the System’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Tax-Exempt Bonds for as long as such matters are relevant to the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

**ARTICLE IX**

**DISCHARGE**

Section 9.01. **Discharge.** The System reserves the right to defease, refund or discharge the Bonds in any manner now or hereafter permitted by applicable law, as may be further limited by the Pricing Certificate.

**ARTICLE X**

**SUBSCRIPTION FOR SECURITIES; APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED BONDS; REFUNDING/DEFEASANCE OF SYSTEM BONDS**

Section 10.01. **Subscription for Securities.** The Authorized Officer is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the Escrow Securities required by and referenced in the Escrow Agreement, if any, as may be necessary for the Escrow Fund and the application for the acquisition of the Escrow Securities is hereby approved and ratified.

Section 10.02. **Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Bonds.** The Authorized Officer is hereby authorized to select and appoint the Escrow Agent for the Bonds, if any, and the Escrow Agent shall be designated in the Pricing Certificate. The Authorized Officer is hereby authorized to execute and deliver, or cause the execution and delivery by the Chair or Vice Chair and the Secretary of the Board, one or more Escrow Agreements, having such terms and provisions as are approved by the Authorized Officer as evidenced by his execution thereof or the execution thereof by other appropriate System officials. The Authorized Officer is hereby authorized to execute and deliver, or cause the execution and delivery by the Chair or Vice Chair and the Secretary of the Board, one or more Escrow Agreements, having such terms and provisions as are approved by the Authorized Officer as evidenced by his or her execution thereof or the execution thereof by other appropriate System officials. Alternatively, the Authorized Officer may elect to deposit directly with the paying agent...
for the Refunded Bonds the proceeds of the Bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds and is hereby authorized to execute and deliver, or cause the execution and delivery by the Chair or Vice Chair and the Secretary of the Board, one or more deposit agreements in connection with such deposits if necessary in connection with such deposits.

Section 10.03. Redemption and Defeasance of Refunded Bonds. Following the deposit to the Escrow Fund or with the paying agent/registrar for the Refunded Bonds, the Refunded Bonds shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund or such other fund held by the paying agent/registrar for the Refunded Bonds for the purpose of refunding the Refunded Bonds and shall cease to be payable from ad valorem taxes. The Refunded Bonds are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The Secretary of the Board is hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Bonds a certified copy of this Order and a copy of the Pricing Certificate calling the Refunded Bonds for redemption. The delivery of this Order and the Pricing Certificate to the paying agent/registrar for the Refunded Bonds shall constitute the giving of notice of redemption to the paying agent/registrar for the Refunded Bonds, and such paying agent/registrar is hereby authorized and directed to give notice of redemption to the owners and to the insurers, if any, of the Refunded Bonds, if applicable, in accordance with the requirements of the respective orders authorizing the issuance thereof.

ARTICLE XI
CONTINUING DISCLOSUREUNDERTAKING

Section 11.01. Annual Reports. The System shall provide annually to the MRSB, (i) within six months after the end of each Fiscal Year of the System ending in or after 2020, financial and operating data with respect to the System of the general type included in the Official Statement, being the information described in the Pricing Certificate, and including financial statements of the System if audited financial statements of the System are then available, and (ii) if not provided as part of such financial information and operating data, audited financial statements of the System, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the System may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the System, commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within twelve months after any such fiscal year end, then the System shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

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

(b) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any
document (including an official statement or other offering document), if it is available to the public on the MSRB’s internet website or has been filed with the SEC. The financial information or operating data shall be provided in an electronic format as prescribed by the MSRB.

Section 11.02. Event Notices.

(a) The System shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the System;

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

(13) The consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

(15) Incurrence of a Financial Obligation of the System, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the System, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the System, any of which reflect financial difficulties.

Note to paragraphs (15) and (16): For purposes of the events identified in paragraphs (15) and (16) of this section and in the definition of Financial Obligation in Section 1.1, the System intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

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

Section 11.03. Limitations, Disclaimers and Amendments. The System shall be obligated to observe and perform the covenants specified in this Article XI for so long as, but only for so long as, the System remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the System in any event will give notice of any deposit that causes Bonds no longer to be outstanding.

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

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

(b) No default by the System in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provisions of this Order.

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

(d) The provisions of this Article may be amended by the System from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the System, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (A) the Owners of a majority in aggregate principal amount of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the System (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The System may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the System also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the System so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with this Article an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 11.04. Amendments to the Rule. In the event the Authorized Officer, in consultation with Bond Counsel and the System’s financial advisor, determines that it is necessary or desirable to amend the provisions of this Article XI in order to facilitate compliance with amendments to the Rule and related guidance from the SEC, the Authorized Officer may make
such changes in the Pricing Certificate for the Bonds, and such amendments are hereby authorized and shall be deemed effective as set forth in the Pricing Certificate.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Appointment of Bond Counsel. The System hereby ratifies and confirms the selection of Bracewell LLP as to serve as bond counsel and disclosure counsel for the sale, delivery and issuance of the Bonds.

Section 12.02. Changes to Order. Bond Counsel is hereby authorized to make changes to the terms of this Order if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of the State.

Section 12.03. Severability and Savings. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity and unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Order.

Section 12.04. Related Matters. To satisfy in a timely manner all of the System’s obligations under this Order, the Chair and Secretary of the Board, the Authorized Officer, and all other appropriate officers and agents of the System are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of Order. Bond Counsel is hereby authorized to make changes to the terms of this Order if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of the State of Texas.

Section 12.05. Individuals Not Liable. No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board or agent or employee of the Board or of the System in his or her individual capacity and neither the members of the Board nor any officer thereof, nor any agent or employee of the Board or of the System, shall be liable personally on the Bonds, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.06. Force and Effect. This Order shall be in full force and effect from and after its final passage, and it is so ordered.

[Signature Page to Follows]
PASSED AND APPROVED this 6th day of February, 2020.

Secretary, Board of Trustees  
Lone Star College System

Chair, Board of Trustees  
Lone Star College System

[SEAL]
SCHEDULE I

SCHEDULE OF REFUNDED BOND CANDIDATES

The Authorized Officer may select the specific maturities and series of bonds constituting the Refunded Bonds from the following series of the System’s outstanding bonds:

Limited Tax General Obligation Bonds Series 2008
ATTACHMENT A

FORM OF PRICING CERTIFICATE

Re: Lone Star College System Limited Tax General Obligation Refunding Bonds, [Taxable]¹ Series 2020 (the “Bonds”)

I, the undersigned [_____________________] of Lone Star College System (the “System”), do hereby make and execute this Pricing Certificate pursuant to an order adopted by the Board of Trustees of the System on February 6, 2020 (the “Order”) authorizing the issuance of the referenced Bonds. Capitalized terms used in this Pricing Certificate shall have the meanings given such terms in the Order.

As authorized by Section 7.01 of the Order, I have acted on behalf of the System in selling the Bonds to __________ (collectively, the “Underwriter”) pursuant to the terms of the Purchase Contract dated as of the date hereof. The Purchase Contract between the Underwriter and the System with respect to the Bonds is hereby approved, and the terms of such Purchase Contract are hereby determined to be the most advantageous reasonably attainable by the System. The Bonds shall have the terms set forth in this Pricing Certificate.

A. The Bonds shall be designated the “Lone Star College System Limited Tax General Obligation Refunding Bonds, [Taxable]² Series 2020.” The Bonds shall be issued in the aggregate principal amount of $___________ for the purposes specified in Section 3.01 of the Order.

B. The Bonds shall have a Dated Date of __________, 2020 and a Closing Date scheduled for __________, 2020. The Record Date for the Bonds shall be the __________ of the month next preceding an Interest Payment Date.

C. The Interest Payment Dates for the Bonds shall be each __________ and __________, commencing __________. Bonds shall bear interest from the later of the [Closing Date/Dated Date] or the most recent Interest Payment Date to which interest has been paid or provided for until stated maturity or prior redemption. The Bonds shall mature on __________ in each of the years, in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

---

¹ Delete if Bonds are issued as Tax-Exempt Bonds.
² Delete if Bonds are issued as Tax-Exempt Bonds.
<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$_________</td>
<td>______%</td>
</tr>
<tr>
<td></td>
<td>$_________</td>
<td>______%</td>
</tr>
<tr>
<td></td>
<td>$_________</td>
<td>______%</td>
</tr>
<tr>
<td></td>
<td>$_________</td>
<td>______%</td>
</tr>
</tbody>
</table>

D. The Refunded Bond Candidates to be refunded with a portion of the proceeds of the Bonds are set forth in Schedule I hereto. The Refunded Bonds are hereby called for redemption on the redemption date specified in Schedule I. The Refunded Bonds shall be redeemed at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date therefor.

E. As shown in the savings schedule attached hereto as Exhibit A, the refunding of the Refunded Bonds results in a net present value debt service savings of $__________, representing a net present value debt service savings of ________% of the principal amount of the Refunded Bonds, each as calculated by the System’s financial advisor, RBC Capital Markets LLC (the “Financial Advisor”).

F. Following the issuance of the Bonds, $__________ in refunding bond authority remains under Section 3.01 of the Order, pursuant to Section 7.01(a)(iv) of the Order.

G. The undersigned does hereby find, certify and represent that the foregoing terms of the Bonds satisfy the parameters contained in Sections 3.01 and 7.01 of the Order.

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

I. The Bonds are subject to optional [and mandatory] redemption as set forth in Exhibit B.

J. The proceeds of the Bonds [and other available funds of the System] shall be applied as follows:

(i) The amount of $__________, consisting of $________ principal amount of Bond proceeds, plus $________ premium received from the sale of the Bonds[ , plus available funds of the System in the amount of $_________], shall be used for the refunding of the Refunded Bonds.

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

(iii) Premium received from the sale of the Bonds in the amount of $_______ shall be used to pay the underwriter’s discount for the Bonds.
(iv) Premium received from the sale of the Bonds in the amount of $_______ shall be used to pay the premium on the municipal bond insurance policy for the Bonds.

(v) Any amounts remaining after accomplishing the purposes set forth above shall be deposited into the interest and sinking fund for the Bonds.

K. In accordance with Section 11.01(a) of the Order, the information to be provided pursuant to the Rule shall include all quantitative financial information and operating data with respect the System of the general type included in the Official Statement under [Tables 1-5 and 7-13 in Appendix A, Appendix B and Appendix D].

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

M. ____________ is hereby designated as the Escrow Agent for the Bonds, and the form of Escrow Agreement is hereby approved.

N. ____________________ is hereby designated as the verification agent.

O. The purchase of purchase of SLGs for the Escrow Fund is hereby approved.

[P. The purchase of a municipal insurance policy from _________ for the Bonds is hereby approved.]

[Signature Page Follows]
Executed this _________________, 2020.

____________________________________
Authorized Officer
Lone Star College System
EXHIBIT B
FORM OF BOND

(a) Form of Bond.

REGISTERED
No. ________

REGISTERED
$__________

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

LONE STAR COLLEGE SYSTEM
LIMITED TAX GENERAL OBLIGATION REFUNDING BOND
[TAXABLE]¹ SERIES 2020

INTEREST RATE: MATURITY DATE: DATED/CLOSING DATE: CUSIP NO.:
__________________ _______________ _______________ ____________

Lone Star College System (the “System”), in the Counties of Harris, Montgomery and San Jacinto, State of Texas, for value received, hereby promises to pay to

________________________________
or registered assigns, on the maturity date specified above, the sum of

______________________________ DOLLARS

unless the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the [Dated/Closing] Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on _______ and _______ of each year, commencing ________. 20__.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office of __________, ________, or such other location designated by the Paying Agent/Registrar (the “Designated Payment/Transfer Office”), of the Paying Agent/ Registrar or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking

¹ Delete if Bonds are issued as Tax-Exempt Bonds.
arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the __________ of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the System. Notice of the Special Record Date and of the special payment date of the past due interest (the “Special Payment Date,” which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is dated _____________, 2020 and is one of a series of fully registered bonds specified in the title hereof, issued in the aggregate principal amount of $______, pursuant to a certain order (the “Bond Order”) adopted by the Board of Trustees of the System and a pricing certificate executed pursuant to the Bond Order (the “Pricing Certificate,” and, together with the Bond Order, the “Order”), for the purposes of refunding certain outstanding obligations of the System and paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the proceeds of a direct and continuing ad valorem tax levied, within the limits prescribed by law, against all taxable property in the System sufficient, together with certain available funds of the System on deposit in the interest and sinking fund for the Bonds, to provide for the payment of the principal of and interest on the Bonds, as described and provided in the Order.

[The Bonds are not subject to redemption prior to maturity.] 2

[The System has reserved the option to redeem the Bonds maturing on and after ________, in whole or in part before their respective scheduled maturity dates, on ________, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the System shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.] 3

2 Delete if Bonds are subject to redemption prior to maturity.
3 Delete if Bonds are not subject to redemption prior to maturity.
[The Bonds maturing on __________ (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the System, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

<table>
<thead>
<tr>
<th>Term Bonds Maturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Redemption Date</td>
</tr>
<tr>
<td>__________ (maturity)</td>
</tr>
</tbody>
</table>

The Paying Agent/Registrar will select for redemption by lot or by any other customary method that results in a random selection the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of $5,000, each $5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the System, by the principal amount of any Term Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the System and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.]

[Not less than thirty (30) days prior to a redemption date for the Bonds, the System shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owners of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

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

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the System in the notice, the

4 Delete if Bonds are not subject to redemption prior to maturity.
Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.\(^5\)

As provided in the Order, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The System, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date) and for all other purposes, whether or not this Bond be overdue, and neither the System nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that sufficient and proper provision for the levy and collection of ad valorem taxes has been made, within the limits prescribed by law, which when collected shall be appropriated exclusively to the timely payment of the principal of and interest on the Bonds; and that the total indebtedness of the System, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the System has caused this Bond to be duly executed under its official seal in accordance with law.

____________________________________
Secretary, Board of Trustees
Lone Star College System

____________________________________
Chair, Board of Trustees
Lone Star College System

[SEAL]

\(^5\) Delete if Bonds are issued as Tax-Exempt Bonds.
(b) Form of Certificate of Paying Agent/Registrar.

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

[_________________________],
as Paying Agent/Registrar

Date: ____________________________ By: ____________________________
Authorized Signatory

(c) Form of Assignment.

ASSIGNMENT

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

____________________________________________________________________________

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

Dated: ____________________________
Signature Guaranteed By: ____________________________
Authorized Signatory

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

(d) Initial Bond Insertions.

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

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

(B) in the first paragraph the words “on the Maturity Date specified above, the sum of _______ DOLLARS” shall be deleted and the following will be inserted: “on _______ in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:”
(Information to be inserted from the Pricing Certificate); and

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

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this ______________________.

[SEAL]
Comptroller of Public Accounts
of the State of Texas
CERTIFICATE FOR ORDER

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

I, the undersigned officer of the Board of Trustees of Lone Star College System, hereby certify as follows:

1. The Board of Trustees of Lone Star College System convened in a regular meeting on the 6th day of February, 2020, at the regular meeting place thereof, within said System, and the roll was called of the duly constituted officers and members of said Board, to wit:

   Alton Smith, Ed.D.  Chair  Position 3
   Myriam Saldívar  Vice Chair  Position 6
   Art Murillo  Secretary  Position 4
   Linda S. Good, J.D.  Assistant Secretary  Position 7
   Michael Stoma  Trustee  Position 1
   Ernestine M. Pierce  Trustee  Position 2
   David A. Vogt  Trustee  Position 5
   Mike Sullivan  Trustee  Position 8
   Ken E. Lloyd  Trustee  Position 9

   and all of said persons were present, except the following absentee(s): __________________________, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

   AN ORDER AUTHORIZING THE ISSUANCE OF LONE STAR COLLEGE SYSTEM LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020; PROVIDING FOR THE SALE THEREOF IN ACCORDANCE TO SPECIFIED PARAMETERS; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING BONDS AND AUTHORIZING THE CHANCELLOR AND/OR CHIEF FINANCIAL OFFICER AND EXECUTIVE VICE CHANCELLOR, FINANCIAL OPERATIONS AND FACILITIES TO TAKE ALL NECESSARY STEPS TO CAUSE THE REDEMPTION OF SUCH BONDS; APPROVING AGREEMENTS AND OFFERING DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AND ENACTING OTHER PROVISIONS RELATED THERETO

   was duly introduced for the consideration of said Board. It was then duly moved and seconded that said order be adopted; and, after due discussion, said motion, carrying with it the adoption of said order, prevailed and carried by the following vote:

   _______ Member(s) shown present above voted “Aye”.

   _______ Member(s) shown present above voted “No”.


2. A true, full and correct copy of the aforesaid order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said order has been duly recorded in said Board’s minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board’s minutes of said meeting pertaining to the adoption of said order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said order would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by the Chapter 551, Texas Government Code.

SIGNED AND SEALED this 6th day of February, 2020.

______________________________
Secretary, Board of Trustees
Lone Star College System
ACTION ITEM 2  

Financial Report and Consideration No. B  

| Request: | Consideration of Approval and Acceptance of the Comprehensive Annual Financial Report (“CAFR”) and the Independent Auditors’ Reports |
| Chancellor’s Recommendation: | That the Board of Trustees consider the Board Audit and Finance Committee’s recommendation regarding the approval and acceptance of the CAFR and the independent auditors’ reports. |
| Rationale: | The CAFR for the fiscal years ended August 31, 2018 and August 31, 2019 and the independent auditors’ reports are presented for Board approval and acceptance. The independent auditing firm Weaver and Tidwell, L.L.P. has issued an unmodified or “clean” opinion on the College’s financial statements and federal financial assistance programs. The Board of Trustees Audit and Finance Committee reviewed the reports on December 5, 2019 and December 13, 2019. |
| Fiscal Impact: | None. |
| Staff Resource: | Jennifer Mott 832-813-6512 |
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement on Behalf of Lone Star College (the “College”) with the Humble Independent School District (“HISD”) Police Department

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute an Interlocal Agreement on behalf of the College with the HISD Police Department for Texas Commission on Law Enforcement (“TCOLE”) Training Submission to the Texas Commission on Law Enforcement Data Distribution System (“TCLEDDS”).

Rationale: This Interlocal Agreement allows the HISD Police Department to submit required TCOLE training on the College’s behalf to TCLEDDS. The College has not been issued a TCLEDDS contract training provider number and therefore is not able to self-submit TCOLE training. The HISD Police Department provides this submission service and has a current TCLEDDS contract training provider number.

Approval from the Board of Trustees is sought because this Interlocal Agreement will be with another Texas governmental entity.

Fiscal Impact: None.

Staff Resource: Mario K. Castillo 832-813-6606
Request: Consideration of Approval toAuthorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement on Behalf of Lone Star College (the “College”) with the Texas Commission on Fire Protection (“TCFP”) to deliver internet-based certification examinations to Testing Centers at Lone Star College-Kingwood (“LSC-Kingwood”), Lone Star College-Montgomery (“LSC-Montgomery”), and Lone Star College-North Harris (“LSC-North Harris”)

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute an Interlocal Agreement on behalf of the College with TCFP, 1701 N. Congress Avenue, Suite 1-105, Austin, Texas 78701, to deliver internet-based TCFP certification exams to testing centers at LSC–Kingwood, LSC–Montgomery, and LSC–North Harris.

Rationale: TCFP credentials fire protection personnel throughout Texas. Following required training, individuals must successfully pass an established testing process to gain certification in their area of expertise. TCFP desires to partner with the College for online delivery of certification exams as part of the evolving process of certification testing.

Approval from the Board of Trustees is sought because this Interlocal Agreement will be with another Texas governmental entity—TCFP.

Fiscal Impact: None.

Staff Resource: Katherine Persson 281-312-1640
Rebecca Riley 936-273-7222
Archie Blanson 281-618-5444
Financial Report and Consideration No. E

Request: Consideration of Approval to Authorize the Chancellor or Designee to Purchase Additional Session Initiation Protocol ("SIP") Trunking and Transport Services

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to purchase additional SIP trunking and transport services from AT&T Corporation, One AT&T Way, Bedminster, New Jersey 07921, for a sum not exceeding $550,000 and for a total revised sum not exceeding $1,000,000 over the five-year period.

Rationale: These services are a Voice over Internet Protocol ("VoIP") and streaming media service by which internet telephony providers deliver telephone services and unified communications such as inbound and outbound dialing, voicemail, call forwarding or transfer, caller ID, and call-hold and conferencing to customers. Lone Star College (the “College”) requires these services for about 6,500 telephones in over 24 locations to support staff operations, meeting rooms, conference rooms, and emergency service.

On June 2, 2016, the Board approved the purchase of SIP trunking and transport services from AT&T Corporation for a sum not exceeding $450,000 over a five-year period.

This recommendation is necessary because new college centers which require additional services have opened since June 2, 2016.

Fiscal Impact: Funds for these purchases are included in the approved FY 2020 LSC-College Services operating budget. Funds for subsequent fiscal years will be included in future proposed budgets.

Staff Resource: Link Alander 832-813-6832
**Request:**
Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) to Purchase Architectural Services for Lone Star College-University Park (“LSC-UP”) Design of a New Elevator Tower in Building 12

**Chancellor’s Recommendation:**
That the Board of Trustees authorize the Chancellor or designee to negotiate and execute contracts on behalf of the College to purchase architectural services with PGAL, Inc., 3131 Briarpark Dr., Suite 200, Houston, Texas 77042 in a sum not exceeding $2,800,000. If negotiations cease for any reason with PGAL, Inc., the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed.

**Rationale:**
The objective of this project is to improve vertical circulation for the LSC-UP campus primary academic and administrative facilities. This project consists of a new elevator tower with three traction elevators servicing Building 12’s eight stories and the attached Building 13. The scope of work includes the design of the high-rise tower with special attention to the placement and means of attachment to the existing structure.

In compliance with the provisions of Texas Government Code § 2254.003, a Request for Qualifications (“RFQ”) No. 695 was issued to solicit responses from firms interested in performing architectural services for the design of a new elevator tower. The College received three responses. The College conducted evaluations of qualifications using a one-step process. The evaluation of qualifications was conducted based on the firm’s qualifications, experience, reputation, quality, past performance, and the extent to which certified historically underutilized businesses (“HUB”), minority and or veteran or women-owned businesses are utilized.

**Fiscal Impact:**
Funds for this purchase are available from the 2014 General Obligation Bonds, Series 2017A.

**Staff Resource:**
Shah Ardalan 281-290-2999
Jennifer Mott 832-813-6512
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute One or More Guaranteed Maximum Price (“GMP”) Contracts on Behalf of Lone Star College (the “College”) for Construction Services with the Construction Manager at Risk (“CMAR”) Firm Durotech Builders for the Lone Star College-Montgomery (“LSC-Montgomery”) Student Services Center Building

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute one or more GMP contracts on behalf of the College for additional construction services with CMAR Durotech, Inc. (“Durotech”) 11931 Wickchester Lane, Suite 205, Houston, Texas 77043 for the LSC-Montgomery Student Services Center Building in a sum not exceeding $19,000,000, for a total revised sum not exceeding $20,094,473.

Rationale: On November 2017, the Board approved Durotech to provide CMAR services for the construction of phase two bond projects for LSC-Montgomery through a formal Request of Qualifications (“RFQ”) process in compliance with Texas Government Code Section 2254.00.

The LSC-Montgomery Student Services Center will serve as a new gateway on the west side of the campus, providing both a resource center for registration, testing, and support for students as well as a new conference center to support campus needs.

The table below summarizes the approvals by the Board to date for this firm:

<table>
<thead>
<tr>
<th>Durotech Inc. Summary</th>
<th>Approval</th>
<th>Description</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Approval</td>
<td>11/2/2017</td>
<td>Construction Services - Student Services Center</td>
<td>$1,094,473</td>
</tr>
<tr>
<td>Proposed Amendment</td>
<td>2/6/2020</td>
<td>GMP</td>
<td>$19,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$20,094,473</td>
</tr>
</tbody>
</table>

Fiscal Impact: Funds for these purchases are available from the 2014 General Obligation Bonds, Series 2017A.

Staff Resource: Rebecca Riley 936-273-7222
Jennifer Mott 832-813-6512
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute One or More Guaranteed Maximum Price ("GMP") Contracts on Behalf of Lone Star College (the "College") for Surface Parking Construction Services at the Lone Star College-Kingwood ("LSC-Kingwood")

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute one or more GMP contracts on behalf of the College for surface parking construction services with CMAR Tellepsen Builders, L.P. ("Tellepsen") 777 Benmar Drive, Suite 400, Houston, Texas for LSC-Kingwood in a sum not exceeding $2,000,000 for a total revised sum not exceeding $22,453,494.

Rationale: On December 7, 2017, the Board approved Tellepsen to provide CMAR services for the construction of the new LSC-Kingwood Healthcare Instructional Building and Surface Parking through a formal Request for Qualifications ("RFQ") process in compliance with Texas Government Code Section 2269.251. This approval included the initial allocation of funding for pre-construction services.

On December 5, 2019 the Board approved the first GMP contract for the LSC-Kingwood Healthcare Instructional Building. This approval included the allocation of funding for the building. Surface parking is part of site improvements and is ready to move forward as a second GMP contract with funding allocation.

The table below summarizes the approvals by the Board to date for this firm:

<table>
<thead>
<tr>
<th>Tellepsen Builders, L.P. Summary</th>
<th>Approval Date</th>
<th>Description</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Approval</td>
<td>12/7/2017</td>
<td>Kingwood Healthcare/Surface Parking pre-construction</td>
<td>$1,153,494</td>
</tr>
<tr>
<td>Board Approved First GMP</td>
<td>12/5/2019</td>
<td>Kingwood Healthcare Instructional Building</td>
<td>$19,300,000</td>
</tr>
<tr>
<td>Proposed Second GMP</td>
<td>2/6/2020</td>
<td>Surface Parking</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$22,453,494</td>
</tr>
</tbody>
</table>
**Fiscal Impact:** Funds for these purchases are available from the 2014 General Obligation Bonds, Series 2017A.

**Staff Resource:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katherine Persson</td>
<td>281-312-1640</td>
</tr>
<tr>
<td>Jennifer Mott</td>
<td>832-813-6512</td>
</tr>
</tbody>
</table>
Financial Report and Consideration No. 1

Request: Consideration of Approval to Purchase Specialty Equipment, Furniture, IT Equipment, IT Infrastructure, and Miscellaneous Consultant Services for Lone Star College-Fallbrook Center (“LSC-Fallbrook”)

Chancellor’s Recommendation: That the Board of Trustees approve the purchase of specialty equipment, furniture, IT equipment, IT infrastructure, and miscellaneous consultant services in a sum not exceeding $2,500,000, and that the Board authorize the Chancellor or designee to execute individual contracts without obtaining the Board’s individual pre-approval for each such contract.

Rationale: This pre-approval of specialty equipment, furniture, IT equipment, IT infrastructure, miscellaneous consultant services is specifically in support of the construction of LSC-Fallbrook and will enable Lone Star College (the “College”) to address schedule constraints and meet project delivery deadlines. The College is responsible for procuring furnishings, IT equipment, and all specialty equipment required to operate the center.

The purchase of these services will be made in accordance with procurement methods approved by state law and allowed by board policy including, but not limited to competitive bids, requests for qualifications, and purchasing cooperative awards.

Fiscal Impact: Funds for these purchases are available from the General Obligation Bonds, Series 2017A and the Adopted FY 20 operating budget.

Staff Resource: Quentin Wright 832-813-6688
Jennifer Mott 832-813-6512
Financial Report and Consideration No. J

Request: Consideration of Approval of a Bid for the Resale of Tax Property Described as: Reserve 25, Block 22, Section 4, Roman Forest, a Subdivision out of the Pryor Bryan Survey, Abstract 76, Montgomery County, Texas

Chancellor’s Recommendation: That the Board of Trustees approve a bid for the resale of tax property described as: Reserve 25, Block 22, Section 4, Roman Forest, a subdivision out of the Pryor Bryan Survey, Abstract 76, Montgomery County, Texas, by Southern Oaks Water System, Inc., P.O. Box 469, New Waverly, TX 77358, for a sum not exceeding $49,834.70.

Rationale: Lone Star College, Montgomery County Emergency Services District No. 7, Montgomery County, New Caney Independent School District, Montgomery County Hospital District, City of Roman Forest, Roman Forest Public Utility District No. 3 (“Taxing Authorities”) foreclosed on the property through a delinquent tax lawsuit and judgment.

The Taxing Authorities remain unpaid after exhausting all legal means to satisfy the collection of the delinquent taxes due and owing to the Taxing Authorities, including conducting a public auction of the properties by the Montgomery County Constable without bids for the property at the tax sales on March 6, 2007 and November 4, 2014. Montgomery County, Trustee for itself and the other Taxing Authorities, now holds the property in trust to secure the payment of taxes, penalties, interest, and costs owed to all Taxing Authorities participating in the foreclosure judgment. An offer from Southern Oaks Water System, Inc., to purchase the property, has been received in the sum of $45,000 for judgement years taxes and costs, and $4,834.70 in post-judgement taxes due the Taxing Authorities (if paid in February 2020).

Fiscal Impact: None.

Staff Resource: Jennifer Mott 832-813-6512
THE STATE OF TEXAS

COUNTY OF MONTGOMERY

§

KNOW ALL MEN BY THESE PRESENTS:

RESOLUTION AND ORDER

WHEREAS, Lone Star College System, Montgomery County Emergency Services District No. 7, Montgomery County, New Caney Independent School District, Montgomery County Hospital District, City of Roman Forest, Roman Forest Public Utility District No. 3 (“Taxing Authorities”) foreclosed on a property (“the property”) through a delinquent tax lawsuit and judgment identified as follows:

             Reserve 25, Block 22, Section 4, Roman Forest, a subdivision out of the Pryor Bryan Survey, Abstract 76, Montgomery County, Texas, according to the Map or Plat thereof recorded in Cabinet A, Sheet 48, Plat Records, Montgomery County, Texas.

WHEREAS, the Taxing Authorities remain unpaid after exhausting all legal means to satisfy the collection of the delinquent taxes due and owing to the Taxing Authorities, including conducting a public auction of the properties by the Montgomery County Constable whereby the property were struck off to the Taxing Authorities and;

WHEREAS, there being no bids for the property at the tax sales on March 6, 2007 and November 4, 2014, Montgomery County, Trustee for itself and the other Taxing Authorities, now holds the property in trust to secure the payment of taxes, penalties, interest and costs owed to all Taxing Authorities participating in the foreclosure judgment;

WHEREAS, the property held in trust by Montgomery County, Trustee for itself and the other Taxing Authorities, is exempt from taxation and it is in the best interest of the Taxing Authorities to have the property returned to the active tax roll as a taxable property;

WHEREAS, Montgomery County has received a combined offer of $49,809.50 from Southern Oaks Water System, Inc., to purchase the property, said amount comprised of $45,000.00 for judgment years taxes and costs, and $4,834.70 (if paid in February 2020) in post-judgment taxes due the Taxing Authorities.

NOW, THEREFORE, IT IS ORDERED by Lone Star College System

1. That all of the above paragraphs are true, correct and in the best interest of the Lone Star College System;
2. That Lone Star College System accepts the tax resale offer by Southern Oaks Water System, Inc.

APPROVED, PASSED AND ORDERED this the _____ day of January, 2020.

DR. ALTON SMITH

_____________________________________________
CHAIRMAN

ATTEST:

ART MURILLO

_____________________________________________
SECRETARY
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement between Lone Star College (the “College”) and The University of Texas at Austin (Charles A. Dana Center), an agency of the State of Texas to provide services to the Charles A. Dana Center for the Transfer Partnership Strategy (TPS)

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute an interlocal agreement on behalf of the College with Charles A. Dana Center for the purpose of providing services to the Charles A. Dana Center for the Transfer Partnership Strategy (TPS).

Rationale: The College to provide the following services as part of the Charles A. Dana Center Texas Transfer Alliance to strengthen transfer practices with Sam Houston State University.

1. Identify a transfer team responsible for attending a January 2020 in-person convening and participating in other requested TPS technical assistance and events;
2. Set (or reaffirm existing) institutional transfer goals using the Institutional Practice Framework and Tools co-developed with our national partners; and
3. Contribute to a shared communications campaign that elevates the work of the TPS institutions in the state of national media.

Fiscal Impact: The College to receive $4,000 for performance of services.

Staff Resource: Dwight Smith 832-813-6273
Financial Report and Consideration No. L

Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) to Purchase Construction Services for Lone Star College-Houston North (“LSC-Houston North”) Fairbanks

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute contracts on behalf of the College for construction services with Vaughn Construction (“Vaughn”), 10355 Westpark Drive, Houston, Texas for LSC-Houston North Fairbanks in a sum not exceeding $1,500,000. If negotiations cease for any reason with Vaughn, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. The term of the contract shall be for the duration of the project awarded. This authorization replaces Board Agenda Action Item 8 from the December 5, 2019 Board Meeting.

Rationale: The objective of this project is to build a new chemistry lab to educate and train students in up to three levels of chemistry. The classroom will accommodate 18 to 24 students with an adjacent approximate 2,200 sq. ft preparation room. There will be some additional supporting spaces for chemical storage and equipment rooms, for a total affected area of 5,900 sq. ft.

The chemistry lab will ensure that LSC-Houston North meets all Southern Association of Colleges and Schools Commission on Colleges requirements for adequate physical resources needed to offer an Associate of Science degree. LSC-Houston North Fairbanks will be the first LSC-Houston North location that will offer chemistry courses.

In compliance with the provisions of Texas Government Code §2269.055 (a), a Competitive Sealed Proposal (“CSP”) #692 was publicly advertised and the College received two responses. The College conducted evaluations based on price, experience, reputation, quality of goods and services, safety record, proposed personnel, financial capability, the extent to which certified historically underutilized businesses (“HUB”), minority and/or veteran or women-owned businesses are utilized, other relevant factors, and the project schedule timeline.

Fiscal Impact: Funds for this purchase are available from the 2014 General Obligation Bonds, Series 2017A.
<table>
<thead>
<tr>
<th><strong>Staff Resource</strong></th>
<th>Quentin Wright</th>
<th>832-813-6688</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jennifer Mott</td>
<td>832-813-6512</td>
</tr>
</tbody>
</table>
Request: Consideration and Authorization for the Chancellor or Designee to Execute Proposed Employment Contracts for the Attached Individuals

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or a designee to execute proposed employment contracts for the attached individuals. Each individual’s name, job title, not-to-exceed contract sum, and hire start date is attached.

Rationale: Board Policy Section III.D.1.3.(a) requires Board approval of employment contracts. In accordance with this policy, this authorization would expressly delegate such authority to the Chancellor or a designee for the attached individuals.

Fiscal Impact: Positions and salaries have been budgeted for 2020–2021.

Staff Resource: Mario K. Castillo 832-813-6606
# Employment Contracts

<table>
<thead>
<tr>
<th>Last Name</th>
<th>First Name</th>
<th>Job Title</th>
<th>Not-to-Exceed Contract Sum</th>
<th>Hire Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawford</td>
<td>Brandi</td>
<td>Executive Director, Nursing</td>
<td>$99,340</td>
<td>1/03/2020</td>
</tr>
<tr>
<td>Granizo</td>
<td>Ilse</td>
<td>Assistant Professor, Speech</td>
<td>$40,882</td>
<td>1/06/2020</td>
</tr>
<tr>
<td>Hero</td>
<td>Samuel</td>
<td>Senior Project Director, Construction</td>
<td>$92,410</td>
<td>12/2/2019</td>
</tr>
<tr>
<td>Khurram</td>
<td>Samreen</td>
<td>Executive Director, Financial Aid Compliance</td>
<td>$85,960</td>
<td>11/1/2019</td>
</tr>
<tr>
<td>Lutzow</td>
<td>Debra</td>
<td>Workforce Skilled Instructor, Patient Care</td>
<td>$61,437</td>
<td>12/2/2019</td>
</tr>
<tr>
<td>Nangia</td>
<td>Himika</td>
<td>Assistant Professor, Biology</td>
<td>$29,538</td>
<td>1/6/2020</td>
</tr>
<tr>
<td>O’Sullivan</td>
<td>Connor</td>
<td>Executive Director, CTE</td>
<td>$99,340</td>
<td>11/18/2019</td>
</tr>
<tr>
<td>Samford</td>
<td>Scotty</td>
<td>Workforce Skilled Instructor, Phlebotomy</td>
<td>$61,437</td>
<td>1/2/2020</td>
</tr>
<tr>
<td>Scott</td>
<td>Kyle</td>
<td>Vice Chancellor, Strategic Initiatives</td>
<td>$188,690</td>
<td>1/3/2020</td>
</tr>
<tr>
<td>Solomon</td>
<td>Sunni</td>
<td>Director, Student Services</td>
<td>$74,380</td>
<td>12/16/2019</td>
</tr>
<tr>
<td>Stanciel</td>
<td>Cursheena</td>
<td>Instructor, Nursing</td>
<td>$18,608</td>
<td>1/6/2020</td>
</tr>
<tr>
<td>Stone</td>
<td>Kyle</td>
<td>Assistant General Counsel</td>
<td>$85,960</td>
<td>11/16/2019</td>
</tr>
<tr>
<td>Wang</td>
<td>Mei</td>
<td>Director, Financial Aid - Technology Services</td>
<td>$75,507</td>
<td>11/1/2019</td>
</tr>
<tr>
<td>West</td>
<td>Tamarra</td>
<td>Assistant Professor, CRIJ</td>
<td>$42,533</td>
<td>1/6/2020</td>
</tr>
<tr>
<td>Young</td>
<td>Monica</td>
<td>Director, Financial Aid - Call Center</td>
<td>$76,611</td>
<td>11/1/2019</td>
</tr>
</tbody>
</table>
Report: Monthly Financial Statements

The financial statements for the months ended December 31, 2019 and November 30, 2019 and the quarterly investment report for the period ending November 30, 2019 are presented for Board review.
## Statement of Revenues and Expenditures

### General and Auxiliary Funds

**YTD December 31, 2019**

**Unaudited**

<table>
<thead>
<tr>
<th></th>
<th>PRIOR YEAR</th>
<th>ACTUAL</th>
<th>PRIOR YEAR</th>
<th>ACTUAL</th>
<th>TO BUDGET</th>
<th>% ACTUAL</th>
<th>PRIOR YEAR</th>
<th>ACTUAL</th>
<th>TO BUDGET</th>
<th>% ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>VARIANCE</td>
<td>FISCAL YTD</td>
<td>33% FY</td>
<td>ELAPSED</td>
<td>12/31/2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$78,683,229</td>
<td>$121</td>
<td>$33,833,826</td>
<td>43.0%</td>
<td>$33,532,257</td>
<td>43.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>$130,284,570</td>
<td>(1,044,469)</td>
<td>$59,132,748</td>
<td>45.4%</td>
<td>$64,501,542</td>
<td>40.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$163,837,188</td>
<td>(3,037,188)</td>
<td>$75,920,621</td>
<td>46.3%</td>
<td>$587,433</td>
<td>35.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>$1,986,012</td>
<td></td>
<td>$741,107</td>
<td>37.3%</td>
<td>$587,433</td>
<td>35.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product/Service</td>
<td>$7,669,160</td>
<td>(145,992)</td>
<td>$3,833,013</td>
<td>39.7%</td>
<td>$3,927,028</td>
<td>41.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misc Revenues</td>
<td>$9,660,194</td>
<td></td>
<td>$3,833,013</td>
<td>39.7%</td>
<td>$3,927,028</td>
<td>41.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$392,120,353</td>
<td>(4,253,734)</td>
<td>$175,587,745</td>
<td>44.8%</td>
<td>$158,549,151</td>
<td>41.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **EXPENDITURES:**    |            |         |            |         |           |          |            |         |           |          |
| Full Time Faculty    | 74,403,203 | -       | 24,298,578 | 32.7% | 23,911,076 | 33.0% |
| Part Time Faculty    | 30,592,053 | -       | 11,062,108 | 33.3% | 9,996,539 | 28.9% |
| Full Time Staff      | 124,603,080| -       | 38,309,983 | 30.7% | 35,858,176 | 48.0% |
| Part Time Staff      | 12,886,389 | -       | 3,364,612  | 26.1% | 3,187,500 | 26.1% |
| Staff Benefits       | 33,250,881 | -       | 11,062,108 | 33.3% | 9,996,539 | 28.9% |
| Other Employee Benefits | 2,521,867 | -       | 2,205,797  | 31.2% | 1,310,303 | 48.0% |
| Services             | 47,767,692 | -       | 14,898,687 | 31.2% | 12,963,730 | 29.8% |
| ProDev/Travel        | 4,069,025  | -       | 572,621    | 14.1% | 892,695 | 23.4% |
| Supplies             | 11,751,060 | -       | 2,820,408  | 24.0% | 2,857,107 | 26.2% |
| Monthly Charges      | 6,781,133  | -       | 889,565    | 13.1% | 840,025 | 11.7% |
| Utilities            | 9,015,340  | -       | 2,077,314  | 23.0% | 2,705,956 | 27.2% |
| Other                | 15,633,490 | (1,236,552) | 993,244    | 6.4% | 1,360,618 | 8.1% |
| Non-Capital Equipment | 5,761,416 | -       | 1,545,100  | 26.8% | 365,699 | 6.0% |
| CIP Land/Building    | 0          | -       | 0          | 0.0% | 19,965 | 0.0% |
| Capital Expenditures | 310,900    | -       | 18,086     | 5.8% | 54,417 | 18.0% |
| Furniture, Fixture, Equipment | 989,023 | - | 84,224 | 8.5% | 31,501 | 1.6% |
| **Total Expenditures** | 380,336,552 | (1,236,552) | 115,960,830 | 30.5% | 109,623,463 | 29.8% |
| Other Changes - Capital Project Transfers | 255,262 | - | 255,261 | - |
| Other Changes - Debt Service Transfers | 8,200,000 | - | 2,365,213 | 28.8% |
| Other Changes - R&R Transfers | 3,350,000 | - | 3,350,000 | 5.4% |
| Total Operating Transfers | 11,805,262 | - | 5,970,474 | 26.8% |
| **Total Expenditures & Transfers** | 392,141,814 | (1,236,552) | 121,931,304 | 30.5% | 117,550,985 | 29.8% |
| **TOTAL NET INCREASE IN FUND BALANCES** | $ (21,461) | $ (3,017,182) | $ 53,656,441 | $ 40,998,166 |
LONE STAR COLLEGE

Balance Sheet
December 31, 2019
Unaudited

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General &amp; Reporting</th>
<th>GASB Memorandum Totals</th>
<th>Restricted Entries (*)</th>
<th>Current Year</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents &amp; investments</td>
<td>$116,755,170</td>
<td>$96,340,642</td>
<td>$213,095,812</td>
<td>$263,628,156</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>118,783,220</td>
<td>57,848,673</td>
<td>5,838,204</td>
<td>182,470,097</td>
<td>164,707,735</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>3,688,297</td>
<td>-</td>
<td>3,688,297</td>
<td>1,482,788</td>
<td></td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>-</td>
<td>-</td>
<td>946,759,302</td>
<td>890,857,141</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>-</td>
<td>1,482,788</td>
<td>1,482,788</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>239,226,687</td>
<td>154,189,315</td>
<td>1,119,826,956</td>
<td>1,337,865,046</td>
<td></td>
</tr>
</tbody>
</table>

| Deferred Outflows Pension & OPEB | - | 167,229,450 | 17,189,226 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS** | 239,226,687 | 154,189,315 | 1,119,826,956 | 1,337,865,046 |

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES:</strong></td>
</tr>
<tr>
<td>Accounts payable</td>
</tr>
<tr>
<td>Deferred revenues</td>
</tr>
<tr>
<td>Accrued compensable absences payable</td>
</tr>
<tr>
<td>Accrued interest payable</td>
</tr>
<tr>
<td>Bonds payable</td>
</tr>
<tr>
<td>Net Pension &amp; OPEB Liability</td>
</tr>
<tr>
<td>Assets held in custody for others</td>
</tr>
<tr>
<td>L/T Due to Other Local Government</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
</tr>
<tr>
<td>Deferred Inflows Pension &amp; OPEB</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND DEFERRED INFLOWS</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>FUND BALANCES:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Operating</td>
</tr>
<tr>
<td>Restricted for Technology</td>
</tr>
<tr>
<td>Restricted for Student Activity</td>
</tr>
<tr>
<td>Unrestricted Auxiliary</td>
</tr>
<tr>
<td>Unrestricted Tenant Related</td>
</tr>
<tr>
<td>Restricted Operating Cash - Short Term Reserves</td>
</tr>
<tr>
<td>Restricted Operating Cash - Long Term Reserves</td>
</tr>
<tr>
<td>Restricted for Grants</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCES</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>239,226,687</td>
</tr>
</tbody>
</table>
LONE STAR COLLEGE

Statement of Revenues and Expenditures  
Fund 35 Harvey Recovery  
PROFORMA from inception to 12.31.19  
Unaudited

<table>
<thead>
<tr>
<th></th>
<th>System Office</th>
<th>North Harris</th>
<th>Kingwood</th>
<th>Tomball</th>
<th>Montgomery</th>
<th>CyFair</th>
<th>University Park</th>
<th>UP SO</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
</tr>
</tbody>
</table>

**REVENUES:**

Revenue $33,764,228

Total Revenues $33,764,228

**EXPENDITURES:**

<table>
<thead>
<tr>
<th></th>
<th>System Office</th>
<th>North Harris</th>
<th>Kingwood</th>
<th>Tomball</th>
<th>Montgomery</th>
<th>CyFair</th>
<th>University Park</th>
<th>UP SO</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
</tr>
</tbody>
</table>

Buildings $8,744 49,733 24,276,545 17,566 49,710 796,629 30,326 25,229,252

Contracts 786,279 1,832 11,632,180 49,212 88,805 10,855 12,569,163

Equipment 577,564 8,426,119 18,813 204,779 9,227,275

Insurance Deductible/Attorney 1,504,050 1000 25,000 1,530,050

Personnel 319,923 11,679 680,367 16,561 12,905 21,946 11,365 10,848 1,104,829

Supplies 20,264 1,171 661,628 5,819 1,171 5,876 696,325

Travel 1,563 203 1,149 2 2,917

Total Expenditures $3,218,387 65,013 45,678,988 22,381 80,853 185,149 1,048,629 60,411 50,359,811

**FUND BALANCE - Increase (Decrease)**

$30,545,841 (65,013) (45,678,988) (22,381) (80,853) (185,149) (1,048,629) (60,411) (16,959,584)

Encumbrances - - (1,646,758) - - - - (168,750) (1,815,508)

**ADJUSTED FUND BALANCE**

$30,545,841 (65,013) (47,325,746) (22,381) (80,853) (185,149) (1,048,629) (229,161) (18,411,091)
## LONE STAR COLLEGE

**Balance Sheet**  
**Fund 35 Harvey Recovery**  
**As of 12.31.19**  
*Unaudited*

<table>
<thead>
<tr>
<th>All Locations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>370,739</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>370,739</td>
</tr>
</tbody>
</table>

|  |  |
| **LIABILITIES AND FUND BALANCES** |  |
| LIABILITIES: |  |
| Accounts payable | $ 12,025 |
| Due To Others | 16,954,298 |
| **TOTAL LIABILITIES** | 16,966,323 |

|  |  |
| **TOTAL FUND BALANCE** | (16,595,584) |

|  |  |
| **TOTAL LIABILITIES AND FUND BALANCE** | $ 370,739 |
## OPERATING FUNDS 12/31/2019

### OPERATING SHORT TERM CASH

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPOSITORY</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Operating Cash - Subtotal</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>POOLS</td>
<td>$59,951,479</td>
</tr>
<tr>
<td>MONEY MARKET ACCOUNTS</td>
<td>$1,889,485</td>
</tr>
</tbody>
</table>

**Operating Short Term Cash Reserves Subtotal**: $61,840,964

### OPERATING LONG TERM CASH RESERVES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>US GOVT. AGENCIES</td>
<td>$18,284,424</td>
</tr>
<tr>
<td>MUNICIPAL BONDS</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>US TREASURY NOTES</td>
<td>$8,844,609</td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>$-</td>
</tr>
</tbody>
</table>

**Operating Long Term Cash Reserves Subtotal**: $28,729,033

**TOTAL**: $92,569,997
QUARTERLY INVESTMENT REPORT

FOR THE QUARTER ENDED

November 30, 2019

Prepared by
Treasury Department

/s/ Jennifer Mott
Jennifer Mott, CFA
Chief Financial Officer

/s/ Tammy Cortes
Tammy Cortes, Associate Vice Chancellor, Financial Planning, Analysis & Treasury

The investment portfolio of Lone Star College is in compliance with the Public Funds Investment Act and the College's Investment Policy and strategies.
LONE STAR COLLEGE
INVESTMENT PORTFOLIO REPORT
AS OF NOVEMBER 30, 2019

Quarter End Results by Investment Category:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Pools, MMKT and Depository</td>
<td>73.6%</td>
<td>$131,010,646</td>
<td>$201,310</td>
<td>$131,010,646</td>
<td>67.6%</td>
<td>$150,487,262</td>
<td>$500,001</td>
<td>$150,487,262</td>
</tr>
<tr>
<td>Securities</td>
<td>26.4%</td>
<td>$46,769,207</td>
<td>201,310</td>
<td>$46,970,517</td>
<td>32.4%</td>
<td>$71,482,191</td>
<td>500,001</td>
<td>$71,982,192</td>
</tr>
<tr>
<td>Portfolio Total</td>
<td>100.0%</td>
<td>$177,779,853</td>
<td>$201,310</td>
<td>$177,981,163</td>
<td>100.0%</td>
<td>$221,969,453</td>
<td>$500,001</td>
<td>$222,469,454</td>
</tr>
</tbody>
</table>

Average Yield as of November 30, 2019

- TexPool: 1.87%
- Logic: 1.84%
- Lone Star: 1.93%
- Southside: 1.87%

Average Yield as of August 31, 2019

- TexPool: 2.35%
- Logic: 2.33%
- Lone Star: 2.34%
- Southside: 2.37%

NOTES:
1) Yields for the above referenced accounts vary daily.
2) The benchmark for the Unrestricted and Restricted Funds is the 90 day U.S. Treasury Bill. As of November 30, 2019 the rate was 1.60%.
### INVESTMENT POOLS, MMKT & DEPOSITORY

<table>
<thead>
<tr>
<th>Purchase/Opened</th>
<th>Maturity</th>
<th>Face Amount</th>
<th>Buy Yield</th>
<th>Beginning Market Value</th>
<th>Beginning Market Value</th>
<th>Interest</th>
<th>Securities</th>
<th>Period Book / Market Transactions</th>
<th>Ending Book Value</th>
<th>Ending Unrealized Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Date</td>
<td>Date</td>
<td>8/31/19</td>
<td>8/31/19</td>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
<td>11/30/19</td>
<td></td>
</tr>
<tr>
<td>TexPool</td>
<td>9/23/19</td>
<td>N/A</td>
<td>N/A</td>
<td>219,115</td>
<td>$</td>
<td>219,115</td>
<td>1,050</td>
<td>$</td>
<td>$</td>
<td>$220,165</td>
</tr>
<tr>
<td>TexPool Prime</td>
<td>9/23/19</td>
<td>N/A</td>
<td>N/A</td>
<td>10,695,605</td>
<td>27,914</td>
<td>26,609,923</td>
<td>32,590,500</td>
<td>$</td>
<td>$</td>
<td>4,742,942</td>
</tr>
<tr>
<td>Lone Star Govt</td>
<td>3/29/01</td>
<td>N/A</td>
<td>N/A</td>
<td>295,266</td>
<td>585</td>
<td>6,617,728</td>
<td>6,797,000</td>
<td>$</td>
<td>$</td>
<td>116,579</td>
</tr>
<tr>
<td>Lone Star Corp</td>
<td>3/29/01</td>
<td>N/A</td>
<td>N/A</td>
<td>1,093,529</td>
<td>5,586</td>
<td>1,099,115</td>
<td>1,099,115</td>
<td>$</td>
<td>$</td>
<td>1,099,115</td>
</tr>
<tr>
<td>Lone Star-Corporate Plus</td>
<td>1/26/2001</td>
<td>N/A</td>
<td>N/A</td>
<td>127,385,327</td>
<td>562,224</td>
<td>58,112,976</td>
<td>75,723,439</td>
<td>$</td>
<td>$</td>
<td>110,337,088</td>
</tr>
<tr>
<td>*LSCS-Corp Plus_AldineISD</td>
<td>12/14/2016</td>
<td>N/A</td>
<td>N/A</td>
<td>3,702,751</td>
<td>$</td>
<td>374,101</td>
<td>3,346,000</td>
<td>$</td>
<td>$</td>
<td>3,346,000</td>
</tr>
<tr>
<td>Southside - MMA</td>
<td>4/27/2011</td>
<td>N/A</td>
<td>N/A</td>
<td>1,876,929</td>
<td>$</td>
<td>9,700</td>
<td>1,886,629</td>
<td>$</td>
<td>$</td>
<td>1,886,629</td>
</tr>
<tr>
<td>JPMC-Depository</td>
<td>9/01/2016</td>
<td>N/A</td>
<td>N/A</td>
<td>2,000,000</td>
<td>$</td>
<td>$</td>
<td>2,000,000</td>
<td>$</td>
<td>$</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Toyota MTR</td>
<td>1/25/2019</td>
<td>9/23/2019</td>
<td>3,000,000</td>
<td>2.63%</td>
<td>3,000,000</td>
<td>2,948,587</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,948,587</td>
</tr>
<tr>
<td>JP Morgan Sec</td>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
<td>2,963,046</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,963,046</td>
</tr>
<tr>
<td>JP Morgan Sec</td>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
<td>2,963,046</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,963,046</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,948,587</td>
<td>-</td>
<td>-</td>
<td>2,948,587</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,948,587</td>
</tr>
<tr>
<td>Toyota MTR</td>
<td>1/25/2019</td>
<td>9/23/2019</td>
<td>3,000,000</td>
<td>2.63%</td>
<td>3,000,000</td>
<td>2,948,587</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,948,587</td>
</tr>
<tr>
<td>JP Morgan Sec</td>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
<td>2,963,046</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,963,046</td>
</tr>
<tr>
<td>JP Morgan Sec</td>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
<td>2,963,046</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,963,046</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,000,000</td>
<td>8,853,566</td>
<td>-</td>
<td>8,853,566</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>8,853,566</td>
</tr>
<tr>
<td>Municipal Bond</td>
<td>3/30/2017</td>
<td>3/15/2020</td>
<td>1,600,000</td>
<td>1.60%</td>
<td>1,598,832</td>
<td>1,598,832</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>1,600,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,598,832</td>
<td>1,600,000</td>
<td>-</td>
<td>1,600,000</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>1,600,000</td>
</tr>
<tr>
<td>US TREASURY NOTES</td>
<td>12/9/2019</td>
<td>12/12/2020</td>
<td>15,000,000</td>
<td>2.56%</td>
<td>3,991,876</td>
<td>3,950,633</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>3,950,633</td>
</tr>
<tr>
<td>US GOVT. AGENCIES</td>
<td>4/8/2019</td>
<td>4/10/2020</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
<td>2,997,921</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>2,997,921</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48,424,766</td>
<td>48,233,383</td>
<td>-</td>
<td>15,000,000</td>
<td>26,908,785</td>
<td>-</td>
<td>36,324,598</td>
<td>-</td>
<td>-</td>
<td>36,390,910</td>
</tr>
<tr>
<td>SUMMARY</td>
<td>INVESTMENT POOLS, MMKT &amp; DEPOSITORY</td>
<td>150,487,262</td>
<td>150,487,262</td>
<td>647,797</td>
<td>107,035,627</td>
<td>127,160,040</td>
<td>-</td>
<td>131,010,646</td>
<td>-</td>
<td>177,981,163</td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BONDS</td>
<td>1,600,000</td>
<td>1,600,000</td>
<td>-</td>
<td>1,600,000</td>
<td>$</td>
<td>$</td>
<td>36,324,598</td>
<td>-</td>
<td>-</td>
<td>36,390,910</td>
</tr>
<tr>
<td>US TREASURY NOTES</td>
<td>12,958,594</td>
<td>12,795,242</td>
<td>-</td>
<td>3,950,633</td>
<td>$</td>
<td>$</td>
<td>8,846,609</td>
<td>134,710</td>
<td>8,979,319</td>
<td></td>
</tr>
<tr>
<td>US GOVT. AGENCIES</td>
<td>48,424,766</td>
<td>48,233,383</td>
<td>-</td>
<td>15,000,000</td>
<td>26,908,785</td>
<td>-</td>
<td>36,324,598</td>
<td>-</td>
<td>36,390,910</td>
<td>-</td>
</tr>
</tbody>
</table>
LONE STAR COLLEGE
INVESTMENT PORTFOLIO COMPOSITION
FOR THE QUARTER ENDED NOVEMBER 30, 2019

- LSIP: 64%
- Logic: 4%
- Muni Bond: 1%
- JPMC-Dep: 1%
- MMA: 1%
- US Govt. Agencies: 21%
- Treas Notes: 5%
- Texpool: 3%

Exhibit: Investment Portfolio Composition for the Quarter Ended November 30, 2019.
## LONE STAR COLLEGE
### INVESTMENT PORTFOLIO REPORT BY FUND
#### FOR THE QUARTER ENDED NOVEMBER 30, 2019

**FUND:** OPERATING (UNRESTRICTED)

### OPERATING CASH

<table>
<thead>
<tr>
<th>Beginning</th>
<th>Beginning</th>
<th>Period Book / Market Transactions</th>
<th>Ending</th>
<th>Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Date</td>
<td>Marked Value</td>
<td>Book Value</td>
<td>Payments</td>
</tr>
<tr>
<td>___</td>
<td>___</td>
<td>___</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>1/25/2019</td>
<td>9/23/2019</td>
<td>3,000,000</td>
<td>2,63%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2/13/2019</td>
<td>11/8/2019</td>
<td>3,000,000</td>
<td>2.68%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>1/25/2019</td>
<td>9/23/2019</td>
<td>3,000,000</td>
<td>2.63%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2/13/2019</td>
<td>11/8/2019</td>
<td>3,000,000</td>
<td>2.68%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>1/25/2019</td>
<td>9/23/2019</td>
<td>3,000,000</td>
<td>2.63%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2/13/2019</td>
<td>11/8/2019</td>
<td>3,000,000</td>
<td>2.68%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>1/25/2019</td>
<td>9/23/2019</td>
<td>3,000,000</td>
<td>2.63%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>2/13/2019</td>
<td>11/8/2019</td>
<td>3,000,000</td>
<td>2.68%</td>
<td>3,000,000</td>
</tr>
<tr>
<td>4/10/2019</td>
<td>10/8/2019</td>
<td>3,000,000</td>
<td>2.52%</td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

**TOTAL**

| 3,031,581 | 3,031,581 | 96,080 | 99,119,887 | 106,086,979 | - | 4,742,942 | - | 4,742,942 |

### CASH RESERVES

| 8,853,566 | - | 8,853,566 | - | - |

### COMMERCIAL PAPER

| 1,598,832 | 1,600,000 | - | - | - | 1,600,000 | 288 | 1,600,288 |

**TOTAL**

| 1,598,832 | 1,600,000 | - | - | - | 1,600,000 | 288 | 1,600,288 |

### US TREASURY NOTES

| 12,958,594 | 12,795,242 | - | 3,950,635 | - | 8,844,609 | 134,710 | 8,979,319 |

**TOTAL**

| 12,958,594 | 12,795,242 | - | 3,950,635 | - | 8,844,609 | 134,710 | 8,979,319 |

### US GOVT. AGENCIES

| 3,000,000 | 2,998,935 | - | - | - | 3,000,000 | 2,397 | 3,002,397 |

**TOTAL**

| 3,000,000 | 2,998,935 | - | - | - | 3,000,000 | 2,397 | 3,002,397 |

| 3,031,581 | 3,031,581 | 96,080 | 99,119,887 | 106,086,979 | - | 21,910,035 | - | 21,324,598 |

**TOTAL**

| 43,421,781 | 43,234,633 | - | 21,910,035 | - | 21,324,598 | 82,847 | 21,407,445 |

### SUMMARY:

- **INVESTMENT POOLS, MMKT & DEPOSITORY**:
  - 31,031,581
  - 96,080
  - 99,119,887
  - 106,086,979
  - 24,160,569
- **COMMERCIAL PAPER**: 9,000,000
- **MUNICIPAL BONDS**: 1,598,832
- **US TREAS NOTES**: 12,958,594
- **US GOVT. AGENCIES**: 43,421,781
- **PORTFOLIO TOTAL**: 98,010,788

| 98,010,788 | 97,515,022 | 96,080 | 99,119,887 | 140,801,213 | - | 55,929,776 | 217,845 | 56,147,621 |
INVESTMENT PORTFOLIO REPORT BY FUND
FOR THE QUARTER ENDED NOVEMBER 30, 2019

<table>
<thead>
<tr>
<th>FUND: CONSTRUCTION IN PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Lone Star-Corp Plus Fund</td>
</tr>
<tr>
<td>Lone Star-Corp Plus Rev. Bond</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
</tr>
<tr>
<td>*LSCS-Corp Plus_AldineISD</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

**INVESTMENT POOLS AND MONEY MARKET**

<table>
<thead>
<tr>
<th>Investment Pool</th>
<th>Purchase/Opened Date</th>
<th>Maturity Date</th>
<th>Face Amount</th>
<th>Buy Date</th>
<th>Beginning Market Value 8/31/2019</th>
<th>Beginning Book Value 8/31/2019</th>
<th>Interest Payments Securities</th>
<th>Period Book / Market Transactions</th>
<th>Ending Book Value 11/30/2019</th>
<th>Period Unrealized Gain / (Loss)</th>
<th>Ending Market Value 11/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCB</td>
<td>10/16/2018</td>
<td>10/10/2019</td>
<td>5,000,000</td>
<td>2.68%</td>
<td>5,002,985</td>
<td>4,998,750</td>
<td>-</td>
<td>-</td>
<td>4,998,750</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FHIB</td>
<td>9/11/2019</td>
<td>9/13/2021</td>
<td>5,000,000</td>
<td>2.00%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000,000</td>
<td>-</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td>FNMA</td>
<td>9/13/2019</td>
<td>9/13/2022</td>
<td>5,000,000</td>
<td>2.05%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000,000</td>
<td>-</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>5,002,985</td>
<td>4,998,750</td>
<td>-</td>
<td>15,000,000</td>
<td>4,998,750</td>
<td>-</td>
<td>15,000,000</td>
<td>(16,535)</td>
<td>14,983,465</td>
<td></td>
</tr>
</tbody>
</table>

**SUMMARY:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Pools and Money Market</td>
<td></td>
<td>94,093,839</td>
<td>94,093,839</td>
<td>420,763</td>
<td>5,066,250</td>
<td>18,707,848</td>
<td>-</td>
<td>80,873,004</td>
<td>-</td>
<td>80,873,004</td>
<td></td>
</tr>
<tr>
<td><strong>US GOVT. AGENCIES</strong></td>
<td></td>
<td>5,002,985</td>
<td>4,998,750</td>
<td>-</td>
<td>15,000,000</td>
<td>4,998,750</td>
<td>-</td>
<td>15,000,000</td>
<td>(16,535)</td>
<td>14,983,465</td>
<td></td>
</tr>
<tr>
<td><strong>PORTFOLIO TOTAL</strong></td>
<td></td>
<td>99,096,824</td>
<td>99,092,589</td>
<td>420,763</td>
<td>20,066,250</td>
<td>23,706,598</td>
<td>-</td>
<td>95,873,004</td>
<td>(16,535)</td>
<td>95,856,469</td>
<td></td>
</tr>
</tbody>
</table>

*Funds belong to Aldine Independent School District for the construction of the MacArthur Early College Facility at LSC-East Aldine Satellite Center.*
LONE STAR COLLEGE
INVESTMENT PORTFOLIO REPORT
FOR THE QUARTER ENDED NOVEMBER 30, 2019

FUND:  

|-----------------------------|-----------------|----------|-------------|------------|-------------------------|---------------------|-------------------|------------------------|----------------------|-------------------------------|-----------------------------|--------------------------------|--------------------------------
| TexPool                     | 9/23/1993       | N/A      | N/A         | N/A        | 219,115                 | 219,115             | 1,050             | -                      | -                    | -                             | 220,165                     | -                             | 220,165                        |
| Logic-Debt Service         | 9/03/1996       | N/A      | N/A         | N/A        | 71,063                  | 71,063              | 363               | -                      | -                    | -                             | 71,426                     | -                             | 71,426                         |
| Logic-R&R                  | 10/01/2017      | N/A      | N/A         | N/A        | 1                        | 1                   | -                 | -                      | -                    | -                             | 1                           | -                             | 1                              |
| Lone Star-Corporate        | 3/29/2001       | N/A      | N/A         | N/A        | 14,056                  | 14,056              | 72                | -                      | -                    | -                             | 14,128                     | -                             | 14,128                         |
| Lone Star-Corporate Plus   | 1/26/2001       | N/A      | N/A         | N/A        | 25,057,607              | 25,057,607          | 129,469           | 2,849,490             | 2,365,213            | -                             | 25,671,353                 | -                             | 25,671,353                    |
| **TOTAL**                  |                 |          |             |            | 25,361,842              | 25,361,842          | 130,954           | 2,849,490             | 2,365,213            | -                             | 25,977,073                 | -                             | 25,977,073                    |

INTEREST & SINKING

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TexPool</td>
<td>9/23/1993</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>219,115</td>
<td>219,115</td>
<td>1,050</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>220,165</td>
<td>-</td>
<td>220,165</td>
</tr>
<tr>
<td>Logic-Debt Service</td>
<td>9/03/1996</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>71,063</td>
<td>71,063</td>
<td>363</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>71,426</td>
<td>-</td>
<td>71,426</td>
</tr>
<tr>
<td>Logic-R&amp;R</td>
<td>10/01/2017</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Lone Star-Corporate</td>
<td>3/29/2001</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>14,056</td>
<td>14,056</td>
<td>72</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,128</td>
<td>-</td>
<td>14,128</td>
</tr>
<tr>
<td>Lone Star-Corporate Plus</td>
<td>1/26/2001</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>25,057,607</td>
<td>25,057,607</td>
<td>129,469</td>
<td>2,849,490</td>
<td>2,365,213</td>
<td>-</td>
<td>25,671,353</td>
<td>-</td>
<td>25,671,353</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25,361,842</td>
<td>25,361,842</td>
<td>130,954</td>
<td>2,849,490</td>
<td>2,365,213</td>
<td>-</td>
<td>25,977,073</td>
<td>-</td>
<td>25,977,073</td>
</tr>
</tbody>
</table>

SUMMARY:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTMENT POOLS AND MONEY MARKET</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25,361,842</td>
<td>25,361,842</td>
<td>130,954</td>
<td>2,849,490</td>
<td>2,365,213</td>
<td>-</td>
<td>25,977,073</td>
<td>-</td>
<td>25,977,073</td>
</tr>
<tr>
<td>PORTFOLIO TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25,361,842</td>
<td>25,361,842</td>
<td>130,954</td>
<td>2,849,490</td>
<td>2,365,213</td>
<td>-</td>
<td>25,977,073</td>
<td>-</td>
<td>25,977,073</td>
</tr>
</tbody>
</table>
This chart tracks LSC's total book value quarter-by-quarter to provide a historical perspective of the College's investment portfolio.
November 30, 2019

Financial Statements
ACTUAL REVENUES AS % OF BUDGET
9/1 THROUGH 11/30

ACTUAL EXPENDITURES AS % OF BUDGET
9/1 THROUGH 11/30
## Statement of Revenues and Expenditures

### General and Auxiliary Funds

**YTD November 30, 2019**

*Unaudited*

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>BUDGET</th>
<th>FORECASTED VARIANCE</th>
<th>FISCAL YTD ACTUAL</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>PRIOR YEAR % ACTUAL TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>$78,683,229</td>
<td>-</td>
<td>$26,358,912</td>
<td>33.5%</td>
<td>$26,123,968</td>
<td>33.5%</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>130,284,570</td>
<td>(444,903)</td>
<td>59,118,672</td>
<td>45.4%</td>
<td>53,626,347</td>
<td>43.1%</td>
</tr>
<tr>
<td>Taxes</td>
<td>163,837,188</td>
<td>-</td>
<td>7,132,293</td>
<td>4.4%</td>
<td>7,302,354</td>
<td>4.5%</td>
</tr>
<tr>
<td>Investments</td>
<td>1,986,012</td>
<td>-</td>
<td>641,031</td>
<td>32.3%</td>
<td>509,909</td>
<td>30.7%</td>
</tr>
<tr>
<td>Product/Service</td>
<td>7,669,160</td>
<td>-</td>
<td>1,914,354</td>
<td>25.0%</td>
<td>1,795,108</td>
<td>27.2%</td>
</tr>
<tr>
<td>Misc Revenues</td>
<td>9,660,194</td>
<td>-</td>
<td>3,338,293</td>
<td>34.6%</td>
<td>2,734,162</td>
<td>29.2%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>392,120,353</td>
<td>(444,903)</td>
<td>98,503,555</td>
<td>25.1%</td>
<td>92,091,848</td>
<td>24.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time Faculty</td>
<td>74,485,772</td>
<td>-</td>
<td>18,347,677</td>
<td>24.6%</td>
<td>17,876,790</td>
<td>24.8%</td>
</tr>
<tr>
<td>Part Time Faculty</td>
<td>30,599,383</td>
<td>-</td>
<td>11,455,263</td>
<td>37.4%</td>
<td>9,881,571</td>
<td>31.8%</td>
</tr>
<tr>
<td>Full Time Staff</td>
<td>125,305,904</td>
<td>-</td>
<td>28,740,972</td>
<td>22.9%</td>
<td>26,790,806</td>
<td>23.4%</td>
</tr>
<tr>
<td>Part Time Staff</td>
<td>12,916,389</td>
<td>-</td>
<td>2,546,598</td>
<td>19.7%</td>
<td>2,312,490</td>
<td>18.2%</td>
</tr>
<tr>
<td>Staff Benefits</td>
<td>33,285,513</td>
<td>-</td>
<td>8,329,194</td>
<td>25.0%</td>
<td>7,444,920</td>
<td>21.5%</td>
</tr>
<tr>
<td>Other Employee Benefits</td>
<td>2,523,301</td>
<td>-</td>
<td>446,303</td>
<td>17.7%</td>
<td>1,166,288</td>
<td>42.8%</td>
</tr>
<tr>
<td>Services</td>
<td>47,130,165</td>
<td>-</td>
<td>11,932,853</td>
<td>25.3%</td>
<td>10,944,680</td>
<td>25.2%</td>
</tr>
<tr>
<td>ProfDev/Travel</td>
<td>4,075,587</td>
<td>-</td>
<td>402,849</td>
<td>9.9%</td>
<td>613,571</td>
<td>16.2%</td>
</tr>
<tr>
<td>Supplies</td>
<td>11,704,288</td>
<td>-</td>
<td>1,969,087</td>
<td>16.8%</td>
<td>2,143,093</td>
<td>19.5%</td>
</tr>
<tr>
<td>Monthly Charges</td>
<td>6,779,576</td>
<td>-</td>
<td>698,247</td>
<td>10.3%</td>
<td>638,147</td>
<td>8.9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>9,082,935</td>
<td>-</td>
<td>1,620,139</td>
<td>17.8%</td>
<td>2,169,066</td>
<td>21.8%</td>
</tr>
<tr>
<td>Other</td>
<td>15,661,511</td>
<td>(444,903)</td>
<td>909,873</td>
<td>5.8%</td>
<td>1,044,985</td>
<td>6.1%</td>
</tr>
<tr>
<td>Non-Capital Equipment</td>
<td>5,534,510</td>
<td>-</td>
<td>709,814</td>
<td>12.8%</td>
<td>221,922</td>
<td>3.7%</td>
</tr>
<tr>
<td>CIP Land/Building</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>0.0%</td>
<td>19,965</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>316,400</td>
<td>-</td>
<td>19,749</td>
<td>6.2%</td>
<td>39,314</td>
<td>13.0%</td>
</tr>
<tr>
<td>Furniture, Fixture, Equipment</td>
<td>1,002,413</td>
<td>-</td>
<td>81,752</td>
<td>8.2%</td>
<td>21,567</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>380,403,647</td>
<td>(444,903)</td>
<td>88,210,370</td>
<td>23.2%</td>
<td>83,329,175</td>
<td>22.6%</td>
</tr>
<tr>
<td>Other Changes - Capital Project Transfers</td>
<td>188,167</td>
<td>-</td>
<td>188,166</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Changes - Debt Service Transfers</td>
<td>8,200,000</td>
<td>-</td>
<td>2,365,213</td>
<td>28.5%</td>
<td>2,285,113</td>
<td>3.7%</td>
</tr>
<tr>
<td>Other Changes - R&amp;R Transfers</td>
<td>3,350,000</td>
<td>-</td>
<td>3,350,000</td>
<td>5.642%</td>
<td>5,642,409</td>
<td>13.0%</td>
</tr>
<tr>
<td>Total Operating Transfers</td>
<td>11,738,167</td>
<td>-</td>
<td>5,903,379</td>
<td>7,927,522</td>
<td>7,927,522</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers</strong></td>
<td>392,141,814</td>
<td>(444,903)</td>
<td>94,113,749</td>
<td>23.2%</td>
<td>91,256,697</td>
<td>22.6%</td>
</tr>
</tbody>
</table>

| TOTAL NET INCREASE IN FUND BALANCES | $ (21,461) | $ 0 | $ 4,389,806 | $ 835,151 |

### Long Term Cash Reserves:

- **Revised Forecasted Net Increase in Fund Balance:** $ (21,461)
- **FY 2020 "One-Time" Cash Transactions:** $ (2,503,002)
- **Beginning Cash Reserves, 9/1/2019:** $ 66,483,441
- **Forecasted Cash Reserves, 8/31/2020:** $ 63,958,978

### Long Term Cash Reserves as a % of Budgeted Expenditures and Capital Project Transfers:

- **16.8%**
## LONE STAR COLLEGE

### Balance Sheet

**November 30, 2019**

**Unaudited**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General &amp; Reporting</th>
<th>Restricted</th>
<th>GASB Memorandum Totals</th>
<th>Memorandum Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents &amp; investments</td>
<td>$82,653,427</td>
<td>$96,661,849</td>
<td>$179,315,276</td>
<td>$230,497,518</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>172,026,042</td>
<td>58,512,949</td>
<td>5,835,788</td>
<td>236,374,779</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>3,649,262</td>
<td></td>
<td>3,649,262</td>
<td>1,870,431</td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>-</td>
<td>-</td>
<td>948,544,416</td>
<td>948,544,416</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>-</td>
<td>892,410,581</td>
<td>892,410,581</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS | 258,328,731 | 221,703,236 | 236,374,779 | 221,703,236**

| Deferred Outflows Pension & OPEB | - | - | 892,410,581 | 892,410,581 |

**TOTAL ASSETS AND DEFERRED OUTFLOWS | 258,328,731 | 221,703,236 | 1,121,609,654 | 1,121,609,654**

### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th>General &amp; Reporting</th>
<th>Restricted</th>
<th>GASB Memorandum Totals</th>
<th>Memorandum Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$19,708,459</td>
<td>$(166,743)</td>
<td>$19,541,716</td>
<td>$31,211,566</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>155,767,368</td>
<td>55,306,127</td>
<td>211,073,495</td>
<td>199,121,409</td>
</tr>
<tr>
<td>Accrued compensable absences payable</td>
<td>10,780,484</td>
<td>8,929,817</td>
<td>10,866,659</td>
<td>10,617,534</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
<td>-</td>
<td>8,929,817</td>
<td>9,393,001</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>-</td>
<td>-</td>
<td>700,206,416</td>
<td>740,862,922</td>
</tr>
<tr>
<td>Net Pension &amp; OPEB Liability</td>
<td>-</td>
<td>-</td>
<td>700,206,416</td>
<td>740,862,922</td>
</tr>
<tr>
<td>Assets held in custody for others</td>
<td>-</td>
<td>-</td>
<td>700,206,416</td>
<td>740,862,922</td>
</tr>
<tr>
<td>L/T Due to Other Local Government</td>
<td>-</td>
<td>-</td>
<td>271,188,931</td>
<td>136,509,334</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES | 186,256,311 | 104,475,832 | 971,395,347 | 1,152,050,799**

| Deferred Inflows Pension & OPEB | - | - | 73,316,457 | 32,089,673 |

**TOTAL LIABILITIES AND DEFERRED INFLOWS | 186,256,311 | 104,475,832 | 1,044,711,804 | 1,184,140,472**

<table>
<thead>
<tr>
<th>FUND BALANCES:</th>
<th>General &amp; Reporting</th>
<th>Restricted</th>
<th>GASB Memorandum Totals</th>
<th>Memorandum Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Operating</td>
<td>3,193,169</td>
<td>-</td>
<td>3,193,169</td>
<td>(16,153,681)</td>
</tr>
<tr>
<td>Restricted for Technology</td>
<td>68,765</td>
<td>-</td>
<td>68,765</td>
<td>7,104,063</td>
</tr>
<tr>
<td>Restricted for Student Activity</td>
<td>388,409</td>
<td>-</td>
<td>388,409</td>
<td>2,147,677</td>
</tr>
<tr>
<td>Unrestricted Auxiliary</td>
<td>3,475,216</td>
<td>-</td>
<td>3,475,216</td>
<td>2,172,945</td>
</tr>
<tr>
<td>Unrestricted Tenant Related</td>
<td>9,017,085</td>
<td>-</td>
<td>9,017,085</td>
<td>8,186,762</td>
</tr>
<tr>
<td>Restricted Operating Cash - Short Term Reserves</td>
<td>24,160,569</td>
<td>-</td>
<td>24,160,569</td>
<td>19,069,777</td>
</tr>
<tr>
<td>Restricted Operating Cash - Long Term Reserves</td>
<td>31,769,207</td>
<td>-</td>
<td>31,769,207</td>
<td>36,308,374</td>
</tr>
<tr>
<td>Restricted for Debt Service</td>
<td>-</td>
<td>17,880,853</td>
<td>17,880,853</td>
<td>19,808,682</td>
</tr>
<tr>
<td>Restricted for Construction</td>
<td>-</td>
<td>64,929,424</td>
<td>64,929,424</td>
<td>106,282,697</td>
</tr>
</tbody>
</table>

**TOTAL FUND BALANCES | 72,072,420 | 66,449,023 | 76,897,850 | 179,530,520**

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</th>
<th>General &amp; Reporting</th>
<th>Restricted</th>
<th>GASB Memorandum Totals</th>
<th>Memorandum Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$258,328,731</td>
<td>$155,174,798</td>
<td>$(1,121,609,654)</td>
<td>$(1,535,113,183)</td>
<td>$1,363,670,992</td>
</tr>
</tbody>
</table>

* Includes GASB (Governmental Accounting Standards Board) reporting entries related to Capital Assets, Long-Term Debt, and Pensions

Subject to Change pending completion of the August 31, 2019 audit

FY 2018 Prior Year audited as of August 31, 2018

---

* Includes GASB (Governmental Accounting Standards Board) reporting entries related to Capital Assets, Long-Term Debt, and Pensions

Subject to Change pending completion of the August 31, 2019 audit

FY 2018 Prior Year audited as of August 31, 2018
### LONE STAR COLLEGE

Statement of Revenues and Expenditures  
Fund 35 Harvey Recovery  
PROFORMA from inception to 11.30.19  
Unaudited

<table>
<thead>
<tr>
<th></th>
<th>System Office</th>
<th>North Harris</th>
<th>Kingwood</th>
<th>Tomball</th>
<th>Montgomery</th>
<th>CyFair</th>
<th>University Park</th>
<th>UP SO</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$33,764,228</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,764,228</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$33,764,228</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,764,228</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>$8,744</td>
<td>49,733</td>
<td>24,276,545</td>
<td>17,566</td>
<td>49,710</td>
<td>796,629</td>
<td>30,326</td>
<td>25,229,252</td>
<td></td>
</tr>
<tr>
<td>Contracts</td>
<td>786,279</td>
<td>1,832</td>
<td>11,632,180</td>
<td>49,212</td>
<td>88,805</td>
<td>10,855</td>
<td>9,227,275</td>
<td>12,569,163</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>577,564</td>
<td>8,426,119</td>
<td>18,813</td>
<td>204,779</td>
<td>25,000</td>
<td>1,530,050</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Deductible/Attorney</td>
<td>1,504,050</td>
<td>1000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>319,923</td>
<td>11,679</td>
<td>680,367</td>
<td>16,561</td>
<td>12,905</td>
<td>21,946</td>
<td>1,104,829</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>20,264</td>
<td>1,567</td>
<td>661,628</td>
<td>5,819</td>
<td>1,171</td>
<td>5,876</td>
<td>696,325</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>1,563</td>
<td>203</td>
<td>1,149</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$3,218,387</td>
<td>65,013</td>
<td>45,678,988</td>
<td>22,381</td>
<td>80,853</td>
<td>185,149</td>
<td>1,048,629</td>
<td>60,411</td>
<td>50,359,811</td>
</tr>
<tr>
<td><strong>FUND BALANCE - Increase (Decrease)</strong></td>
<td>$30,545,841</td>
<td>(65,013)</td>
<td>(45,678,988)</td>
<td>(22,381)</td>
<td>(80,853)</td>
<td>(185,149)</td>
<td>(1,048,629)</td>
<td>(60,411)</td>
<td>(16,595,584)</td>
</tr>
<tr>
<td>Encumbrances</td>
<td>-</td>
<td>-</td>
<td>(1,911,387)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(168,750)</td>
<td>(2,080,136)</td>
<td></td>
</tr>
<tr>
<td><strong>ADJUSTED FUND BALANCE</strong></td>
<td>$30,545,841</td>
<td>(65,013)</td>
<td>(47,590,375)</td>
<td>(22,381)</td>
<td>(80,853)</td>
<td>(185,149)</td>
<td>(1,048,629)</td>
<td>(229,161)</td>
<td>(18,675,720)</td>
</tr>
</tbody>
</table>
## Balance Sheet

**Fund 35 Harvey Recovery**  
**As of 11.30.19**  

Unaudited

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>370,739</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>-</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**  

370,739

### Liabilities and Fund Balances

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 12,025</td>
</tr>
<tr>
<td>Due To Others</td>
<td>16,954,298</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**  

16,966,323

**TOTAL FUND BALANCE**  

(16,595,584)

**TOTAL LIABILITIES AND FUND BALANCE**  

$ 370,739
## OPERATING FUNDS 11/30/2019

### OPERATING SHORT TERM CASH

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPOSITORY</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Operating Cash - Subtotal</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>POOLS</td>
<td>$20,273,939</td>
</tr>
<tr>
<td>MONEY MARKET ACCOUNTS</td>
<td>1,886,629</td>
</tr>
<tr>
<td>Operating Short Term Cash Reserves Subtotal</td>
<td>$22,160,569</td>
</tr>
</tbody>
</table>

### OPERATING LONG TERM CASH RESERVES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>US GOVT. AGENCIES</td>
<td>$21,324,598</td>
</tr>
<tr>
<td>MUNICIPAL BONDS</td>
<td>1,600,000</td>
</tr>
<tr>
<td>US TREASURY NOTES</td>
<td>8,844,609</td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>-</td>
</tr>
<tr>
<td>Operating Long Term Cash Reserves Subtotal</td>
<td>$31,769,207</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$55,929,776</td>
</tr>
</tbody>
</table>
Report: Construction Projects Update

The monthly construction projects update is presented for Board review.
1. **LSC-Kingwood: Hurricane Harvey Recovery:**
   A renovation of 200,000 sf of the first floors of five of six buildings. The architect is AutoArch and design was completed August 2018. The construction firm is Anslow Bryant. Substantial completion was reached on January 6, 2019 for five of the six buildings as well as May 17, 2019 for the library, respectively. Final completion details are underway and expected to be complete by February 2020.
   - **Substantial Completion:** Spring 2019
   - **Budget:** $52,553,603
2. **LSC-Tomball: South Entrance Drive Monument:**
   A new main entrance monument, sign, and landscaping, this project will support the new Tomball South Drive Entrance completed January 2018. Contractor negotiations are in process.
   - **Substantial Completion:** Fall 2020
   - **Budget:** $2,650,000

3. **LSC-Corporate College: Transportation Institute:**
   A new 16,000 sf building, this project will support the growing truck driving program. The architect is PBK Architects and design was completed September 2018. The construction firm is Tellepsen and construction began February 2019.
   - **Substantial Completion:** Spring 2020
   - **Budget:** $13,000,000

4. **LSC-University Park: Visual Performing Arts Center:**
   A new 40,000 sf building, this project will support an instructional arts program. The Construction Manager at Risk is Durotech with re-programming to begin February 2020.
   - **Substantial Completion:** Fall 2022
   - **Budget:** $21,675,000

5. **LSC-Montgomery: Student Services Building:**
   A new 50,000+ sf building, this project will support expanded student services capabilities. The architect is Harrison Kornberg and programming began June 2018. The construction firm is Durotech, Inc. General Contractors.
   - **Substantial Completion:** Fall 2021
   - **Budget:** $25,650,000

6. **LSC-Kingwood: Healthcare Instructional Building:**
   A new 50,000+ sf building, this project will support a healthcare instructional program. The architect is AutoArch. The construction firm is Tellepsen and estimated construction notice to proceed is February 2020.
   - **Substantial Completion:** Fall 2021
   - **Budget:** $27,590,000

7. **LSC-Magnolia Center:**
   - A new 50,000+ sf building, this project will support the needs of the Magnolia community. Land was recently purchased, the architect is Harrison Kornberg and programming was completed July 2019.
   - **Substantial Completion:** TBD
   - **Budget:** $28,858,538
8. **LSC-Fallbrook:**
   - A new 55,000+ sf building, this building will have two stories with 14 classrooms, two computer labs, two science labs, and a 4,000 sf logistics management warehouse to support the needs of the Fallbrook community.
     - **Substantial Completion:** Fall 2020

**Report:** Real Estate Lease Update

The real estate lease updates are presented for Board review.

9. **LSC-Corporate College: Drilling Services Training Center:**
   - A lease agreement was finalized with Technip FMC for one year for use of the building at the LSC-Corporate College Drilling Services Training Center.
     - **Effective Date:** December 2019
     - **Value:** $51,000 in revenue