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
February 2, 2017
6:00 p.m.

PRESENT: Dr. Alton Smith, Chair
Dr. Kyle Scott, Vice Chair
Mr. Ken Lloyd, Secretary
Ms. Myriam Saldívar, Assistant Secretary
Ms. Linda Good
Dr. David Holsey
Mr. Art Murillo
Mr. David Vogt
Dr. Ron Trowbridge

I. CALL TO ORDER: Dr. Smith called the workshop and regular meeting of the Board of Trustees to order at 6:00 p.m. after determining that a quorum was present.

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

Mr. Vogt and Mr. Lloyd entered the meeting at 6:06 p.m.

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

IV. INTRODUCTIONS, SPECIAL GUESTS AND RECOGNITIONS: Chancellor Head announced that Mario Castillo, vice chancellor and general counsel was highlighted in the Houston Business Journal, chosen as one of the top 40 under 40 young professionals who have significantly contributed to their companies, their industries and their communities.

Dr. Head recognized Ms. Linda Head, associate vice chancellor of workforce and corporate partnerships, who was named as one of the top 50 influential women in the Houston region.

Chair Smith acknowledged Dr. Head’s appointment to the Association of Community College Trustees Advisory Committee of Presidents.
V. **WORKSHOP:** Dr. Head gave a presentation on Hispanic recruiting efforts. Under the direction of Mark Curtis-Chavez, efforts have been underway to enhance Hispanic recruiting. A brochure, website, and marketing video were created to introduce candidates to Lone Star College, to provide information on job openings, how to apply for positions, and information about living in the Houston area. Faculty and administrators attended National Institute for Staff and Organizational Development (NISOD), national Community College Hispanic Council (NCCHC) and Hispanic association of Colleges and Universities (HACU) conferences to help recruit Hispanic candidates for faculty and administrative positions. Graduate schools with a large Hispanic graduate school population were identified and Lone Star College staff visited when the institutions had a job fair or expo.

Mr. Mario Castillo, vice chancellor and general counsel introduced Ms. Letty Charbonneau, executive director of internal audit and Ms. Claudia Madrigal, executive director of governance and compliance. They gave an overview of the Office of Governance, Audit and Compliance. The purpose of this office is to ensure a culture of accountability and a positive and constructive environment for every student, faculty member and employee at LSC.

Dr. Head introduced Jennifer Olenick, vice chancellor of finance and administration/CFO. Ms. Olenick gave a brief overview of the Limited Tax General Obligation Bonds, Series 2017A. Tim Peterson with J.P. Morgan was introduced as the Senior Manager helping to oversee the marketing of the bonds to investors in New York.

VI. **CLOSED SESSION:** At 6:31 p.m. Dr. 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 Litigation
  - On any item on the Agenda
- Section 551.072 – Deliberation Regarding Real Property
  - LSC-University Park, LSC-CyFair, LSC-North Harris, LSC-Tomball, LSC–Montgomery, LSC-Kingwood, LSC-SO-University Park
- Section 551.074 - Personnel Matters

VII. **RECONVENE REGULAR MEETING:** Dr. Smith reconvened the open meeting at 7:55 p.m.

VIII. **APPROVAL OF THE MINUTES OF THE DECEMBER 1, 2016 WORKSHOP AND REGULAR MEETING OF THE BOARD OF TRUSTEES:** upon a motion by Dr. Trowbridge and a second to the motion by Ms. Good, the board approved the minutes of the December 2, 2016 Workshop and Regular Meeting of the Board of Trustees with correction to language to reflect Trustees Vogt and Good were reelected and also sworn in.
IX. SPECIAL REPORTS AND ANNOUNCEMENTS:

1. **Chancellor:** Dr. Head introduced Beth Marshall with Community Impact and Kelly Schafler with the Houston Chronicle.

   Dr. Head announced the new Silver Star newsletter targeting senior citizens will be mailed out to over 50,000 households.

2. **College Presidents:** Dr. Katherine Persson, president of LSC-Kingwood, gave a presentation Where Are They Now? This presentation was a snapshot of past Lone Star College students and highlighted colleges they transferred to and their current jobs.

3. **Vice Chancellors:** Rand Key, vice chancellor and CEO of SO-UP, gave an update on Campus Carry. He reviewed the timeline of the open forums, online survey and comment period. After reviewing all of the information, an agenda item for The Weapons on Premises will be brought to the board for first reading in March and final reading in April. Training materials are being developed to train and educate students, employees, faculty, police, guests and visitors. The training information will be posted on the website and signage will be developed by the end of March so all campuses will be prepared for roll out in August 2017.

4. **Faculty Senate Presidents:** Bob Lynch, faculty senate president LSC-North Harris gave a presentation on Cooperation on Campus.

5. **Board Members** – Dr. Trowbridge gave a presentation to legislators in Austin speaking on Tuition Set Asides. Ms. Myriam Saldívar read a resolution commending the Board of Trustees for its service to the community. The resolution was signed by all state representatives.

   Dr. Holsey announced an engagement meeting that will be held at LSC-Kingwood on Saturday, February 4th in collaboration with the foundation. Members of the dental community were invited to learn about the dental hygiene program.

X. CITIZEN PARTICIPATION: Mr. Noah Miller, honor student at LSC-CyFair spoke in support of the non-discrimination policy.

   Mr. David Wilson spoke about expanding the cash management policy with regards to the reserve.

   Mr. Alan Hall representing the American Federation of Teachers spoke about the non-discrimination policy, expanding the scope to add gender identity and expression and support of the agenda item.

   Mr. Joe Ramirez representing HESI spoke about diversity.
XI. **CONSIDERATION OF THE CONSENT AGENDA:** Items number 10, and 11 were removed from the agenda to be considered separately. Items number 3 and 8 were pulled from the agenda and action will be taken at a future board meeting. Mr. Smith proceeded with the Consent Agenda. Dr. Trowbridge made a motion to approve Action Items 1, 2, 4, 5, 6, 7, 9, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, and 25. Mr. LLoyd 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 Review of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.B.5. Emeritus *(FIRST READING)*: the Board of Trustees considered and reviewed revision of the College’s Board Policy Manual Section IV.B.5. Emeritus which sets forth College policies related to awarding Emeritus status and what that status entails. A copy is attached as Exhibit “C”.

2. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.A. Appropriations and Revenue Sources *(ACTION ITEM 1)*: the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section III.A. Appropriations and Revenue Sources which covers College policies related to resource development and the College’s Foundation. This item was passed in the Consent Agenda. A copy is attached as Exhibit “D”.

3. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.B. Budgeting, Accounting, and Reporting *(ACTION ITEM 2)*: the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section III.B. Budgeting, Accounting, and Reporting which covers College policies related to the annual budget and indirect costs. This item was passed in the Consent Agenda. A copy is attached as Exhibit “E”.

4. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.C. Cash Management *(ACTION ITEM 3)*: this item was pulled from the agenda and will be brought to the board at a future board meeting. A copy is attached as Exhibit “F”.

5. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.D. Purchasing and Acquisitions *(ACTION ITEM 4)*: the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section III.D. Purchasing and Acquisitions which covers College policies related to College-funded purchases and amend the title to Section III.D. Purchasing. This item was passed in the Consent Agenda. A copy is attached as Exhibit “G”.

6. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.E. Facilities *(ACTION ITEM 5)*: the Board
of Trustees considered and approved revision of the College’s Board Policy Manual Section III.E. Facilities amending and clarifying the College’s policy regarding facilities. This item was passed in the Consent Agenda. A copy is attached as Exhibit “H”.

7. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.F. Fixed Assets (ACTION ITEM 6): the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section III.F. Fixed Assets amending and clarifying the College’s policy regarding fixed assets. This item was passed in the Consent Agenda. A copy is attached as Exhibit “I”.

8. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.G. Auxiliary Enterprises (ACTION ITEM 7): the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section III.G. Auxiliary Enterprises amending and clarifying the College’s policy regarding auxiliary enterprises. This item was passed in the Consent Agenda. A copy is attached as Exhibit “J”.

9. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.H. Auditing (ACTION ITEM 8): this item was pulled from the agenda and will be brought to the board at a future board meeting. A copy is attached as Exhibit “K”.

10. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.F.8. Change in Contract Status (ACTION ITEM 9): the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section IV.F.8. Change in Contract Status amending and clarifying the College’s policy regarding changes in employee’s contract. This item was passed in the Consent Agenda. A copy is attached as Exhibit “L”.

11. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.F.10. Employee Grievance and Review Process (ACTION ITEM 10): upon a motion made by Dr. Trowbridge and a second by Mr. Lloyd the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section IV.F.10. Employee Grievance and Review Process amending and clarifying the College’s policy regarding the employee grievance process. A copy is attached as Exhibit “M”.

12. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.F.10.13. Contractual Termination Notice and Appeal (ACTION ITEM 11): upon a motion made by Dr. Scott and a second by Mr. Murillo the Board of Trustees considered and reviewed revision of the College’s Board Policy Manual Section IV.F.10.13. Contractual Termination Notice and Appeal amending and clarifying the College’s policy regarding terminating employee contracts. A copy is attached as Exhibit “N”.

5
13. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section V. Instruction (ACTION ITEM 12): the Board of Trustees considered and approved revision of the College’s Board Policy Manual Section V. Instruction amending and clarifying the College’s policy regarding instruction. This item was passed in the consent agenda. A copy is attached as Exhibit “O”.

14. Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Sections VI.A.1.1. Admissions, VI.D.1.1. Non-Academic Student Travel, and VI.D.12.1. Civil Rights Complaints (ACTION ITEM 13): the Board of Trustees consider and approve revision of the College’s Board Policy Sections VI.A.1.1. Admissions, VI.D.1.1. Non-Academic Student Travel, and VI.D.12.1. Civil Rights Complaints revising enumerated protected categories. This item was passed in the consent agenda. A copy is attached as Exhibit “P”.

XIII. CURRICULUM REPORTS AND CONSIDERATIONS:

1. Consideration for Approval of the Core Curriculum for the Associate of Arts and the Associate of Science Degree for 2017-2018 (ACTION ITEM 14): the Board of Trustees approved the revised Associate of Arts and Associate of Science Core Curriculum for the 2017-2018 academic year. The revised core curriculum must be submitted to the Texas Higher Education Coordinating Board for final approval. This item was passed in the Consent Agenda. A copy is attached as Exhibit “Q”.

2. Consideration of Approval to Expand the Logistics Management Associate of Applied Science (AAS) Degree and Certificate to LSC-North Harris (ACTION ITEM 15): the Board of Trustees approved expanding the Logistics Management AAS degree and certificate to LSC-North Harris. This item was passed in the Consent Agenda. A copy is attached as Exhibit “R”.

3. Consideration of Approval to Expand the Electrical Technology Associate of Applied Science (AAS) Degree and Certificates to LSC-North Harris (ACTION ITEM 16): the Board of Trustees approved expanding the Electrical Technology AAS degree and certificates to LSC-North Harris. This item was passed in the Consent Agenda. A copy is attached as Exhibit “S”.

XIV. FINANCIAL REPORTS AND CONSIDERATIONS:

1. Monthly Financial Statements: Ms. Jennifer Olenick, vice chancellor and CFO for finance and administration, presented the monthly financial statements for the month ended December 31, 2016 and November 30, 2016 as well as the quarterly investment report for the period ending November 30, 2016. A copy is attached as Exhibit “T”.

2. Consideration of Approval to Authorize the Chancellor or Designee to Purchase Welding Supplies, Welding Gases and Lab Gases for the College Welding and Lab
Programs (ACTION ITEM 17): the Board of Trustees authorized the Chancellor or his designee to purchase welding supplies, welding gases and lab gases from the following vendors in a total sum not exceeding $800,000 over a period not exceeding five years: Praxair, 111425 West Little York, Houston, TX 77041; Conroe Welding, 415 S. Frazier, Conroe, TX 77304; Lincoln Electric, 22801 St. Clair Avenue, Cleveland, OH 44117 and Professional Welding Supply, 3000 Brittmore Rd, Bldg. G, Houston, TX 77043. This item was passed in the Consent Agenda. A copy is attached as Exhibit “U”.

3. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to Purchase Audio/Visual Systems for the New LSC–CyFair Instructional Building (ACTION ITEM 18): the Board of Trustees authorized the Chancellor or his designee to negotiate and execute a contract with AVSI Group LLC, 4464 West 12th Street, Houston, Texas 77055, to purchase audio/visual systems for the new LSC–CyFair Instructional Building in a sum not exceeding $607,557. This item was passed in the Consent Agenda. A copy is attached as Exhibit “V”.

4. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Agreement for the Purchase of Specialty Equipment for the LSC-Montgomery Live Entertainment Technology Building Expansion (ACTION ITEM 19): the Board of Trustees authorized the Chancellor or his designee to negotiate and execute an agreement with Barbizon Light of the Rockies, dba: Barbizon Rockies, 8269 East 23rd Avenue, Suite 111, Denver, CO 80238 to purchase specialty equipment for the LSC-Montgomery Live Entertainment Technology Building Expansion in a sum not exceeding $365,000. This item was passed in the Consent Agenda. A copy is attached as Exhibit “W”.

5. Consideration of Approval to Modify the Previously Approved December 1, 2016 Agenda Item Related to the LSC-Kingwood Chilled Water Line Extension (ACTION ITEM 20): the Board of Trustees considered and approved as modifications to the December 1, 2016 previously approved agenda item: Authorization of the Chancellor or his designee to negotiate and execute a contract to purchase Construction Manager at Risk (CMAR) services with a Guaranteed Maximum Price (GMP) contract with Balfour Beatty Construction, LLC (Balfour Beatty), 4321 Directors Row, Houston, Texas 77092, for construction services related to the LSC-Kingwood chilled water line extension. The GMP contract under this CMAR is for a sum not exceeding $430,000, as previously approved by the Board on December 1, 2016 and Revisions to the Balfour Beatty Contract Summary Table included in the rationale section of the December 1, 2016 agenda item. This item was passed in the Consent Agenda. A copy is attached as Exhibit “X”.

6. Consideration of Approval to Modify the Previously Approved December 1, 2016 Agenda Item Related to the LSC-North Harris Central Plant Addition (ACTION ITEM 21): the Board of Trustees considered and approved as modifications to the December 1, 2016 previously approved agenda item: Authorization of the Chancellor or his designee to negotiate and execute a contract to purchase Construction Manager
at Risk (CMAR) services with a Guaranteed Maximum Price (GMP) contract with Tellepsen Builders, L.P. (Tellepsen), 777 Benmar Drive, Suite 400, Houston, Texas, 77060, for construction services related to the LSC-North Harris Central Plant Addition. The GMP contract under this CMAR is a sum not exceeding $825,286, as previously approved by the Board on December 1, 2016 and Revisions to the Tellepsen Contract Summary Table that was included in the rationale section of the December 1, 2016 agenda item. This item was passed in the Consent Agenda. A copy is attached as Exhibit “Y”.

7. Consideration of Approval to Review and Ratify an Interlocal Agreement between the College and Tomball Independent School District for the Early College High School Initiative and the Chancellor’s Execution of the Interlocal Agreement (ACTION ITEM 22): the Board of Trustees reviewed and ratified the Interlocal Agreement between the College and Tomball Independent School District (ISD) for the Early College High School Initiative and the Chancellor’s Execution of the Interlocal agreement. The term of the agreement will be one year beginning August 1, 2017. This item was passed in the Consent Agenda. A copy is attached as Exhibit “Z”.

8. Consideration of Approval to Review and Ratify an Interlocal Agreement between the College and Royal Independent School District for the Early College High School Initiative and the Chancellor’s Execution of the Interlocal Agreement (ACTION ITEM 23): the Board of Trustees reviewed and ratified the Interlocal Agreement between the College and Royal Independent School District (ISD) for the Early College High School Initiative and the Chancellor’s execution of the Interlocal Agreement. The term of the agreement will be one year beginning December 7, 2016. This item was passed in the Consent Agenda. A copy is attached as Exhibit “aa”.

XV. PERSONNEL REPORTS AND CONSIDERATIONS:

1. Consideration of Ratification of Appointments (ACTION ITEM 24): the Board unanimously ratified the appointments as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “bb”.

2. Consideration of Acceptance of Resignations (ACTION ITEM 25): the Board unanimously accepted the resignations as presented. This item was passed in the Consent Agenda. A copy is attached as Exhibit “cc”.

XVI. BUILDING AND GROUNDS REPORTS:

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

XVII. SUGGESTED FUTURE AGENDA ITEMS: Chair Smith appointed the trustees to the following committees: Standing Committee; Audit Committee – Alton Smith - Chair, David Vogt, Myriam Saldivar; Ad Hoc Committees; Policy Review Committee – Kyle Scott - Chair, Dave Holsey, Ron Trowbridge; Grievance Committee – Dave Holsey –
Chair, Kyle Scott, Ron Trowbridge; **College Success Committee** – Ken Lloyd – Chair, Linda Good, Art Murillo. These will be two year appointments.

**XVIII. ADJOURNMENT:** There being no further business, the meeting was adjourned at 9:56 p.m.

**ATTEST:**

[Signatures]

Board of Trustees, Chair

Board of Trustees, Secretary
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 30th day of January, 2017 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 30th day of January, 2017.

LONE STAR COLLEGE SYSTEM

_____________________
Stephen C. Head
Chancellor
Consideration of Consent Agenda

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

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

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

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Request: Consideration and Review of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.B.5. Emeritus (FIRST READING)

Chancellor’s Recommendation: That the Board of Trustees consider and review revision of the College’s Board Policy Manual Section IV.B.5. Emeritus which sets forth College policies related to awarding Emeritus status and what that status entails.

Rationale: The proposed revision would clarify Section IV.B.5. while adjusting its style and formatting to match other recent policy changes.

Fiscal Impact: None.

Resource: Mario K. Castillo 832-813-6655
IV.B.5. Emeritus

IV.B.5.1. Emeritus Designation
Upon the Chancellor’s recommendation, the Board may confer the “Emeritus” title upon retiring faculty, administrators, or staff to recognize significant contributions to the College through long and distinguished service in administration, teaching, support, or other service. The Emeritus title does not confer any employment status or rights. Emeritus privileges include presentation of an appropriate commemorative, listing in the College’s annual catalog for the life of the honoree, invitation to the annual May commencement ceremonies with special seating privileges, introduction and recognition during the commencement program, invitation to other College activities and special events, and use of College library materials.

The Chancellor shall develop procedures for nominating and recommending qualified individuals for the Board to consider to receive the Emeritus title.
Policy Report and Consideration No. 2  (ACTION ITEM 1)  Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.A. Appropriations and Revenue Sources

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.A. Appropriations and Revenue Sources which covers College policies related to resource development and the College’s Foundation.

Rationale: It has been several years since Section III.A. Appropriations and Revenue Sources was revised, and several policy matters needed to be revisited and, as necessary, revised or reaffirmed. During the revision process, it became apparent that the current version of Section III.A. Appropriations and Revenue Sources contained outdated language regarding how the College manages donations and grants. Section III.A. Appropriations and Revenue Sources was also reorganized for clarity. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Rand Key 281-655-3701
Amos McDonald 832-813-6621
Mario Castillo 832-813-6655
III.A. APPROPRIATIONS AND REVENUE SOURCES

III.A.1. Fiscal Philosophy

III.A.1.1. Policy
The Texas Higher Education Coordinating Board is responsible for appropriating funds, including local funds, to properly support, maintain, operate, and improve the College. Local funds supporting the College include ad valorem taxes, student tuition and fees, investment and interest income, contributions, grants, and revenue from auxiliary activities. The College operates fiscally within the requirements of the current General Appropriations Act, other federal and state laws, Board policies, and the College administration.

III.A.2. Resource Development

III.A.2.1. Policy
The Office of Resource Development and Administration (“RDA”) facilitates, coordinates, and assists the College to seek and secure external funds from federal, state, and local agencies. RDA is responsible for post-award maintenance including contract execution, post-award agreements preparation and routing, formal application for amendments, and internal checks to ensure grant programs adhere to grant responsibilities.

III.A.2.2. External Funding
Applications and requests for funding from external sources support educational program needs that cannot be met through operational funds; advance the College’s mission, vision, goals and priorities; and must be approved in advance by the college President or appropriate Vice Chancellor.

III.A.2.3. Grant Proposals and Applications
All grant proposals and applications must comply with this Policy Manual and the Chancellor’s procedures, meet one or more College’s identified needs, and support the College’s institutional goals and strategic plan.

All grant applications designate RDA as the point of contact for grant documents, negotiations, and correspondence. Applications also designate the applicable College contact for project operations.

After the General Counsel’s review and approval of the form of the document, the Chancellor or designee signs all grant applications, supporting documentation, and grant contracts on the Board of Trustees’ behalf.

III.A.3. The Lone Star College Foundation

2 The current General Appropriations Act and related appropriations bills are available at http://www.lrl.state.tx.us/legis/approBills.cfm.
III.A.3.1. Policy
The Lone Star College Foundation (“Foundation”) exclusively supports the College’s philanthropic income and investments. The Foundation is a Texas nonprofit corporation and 501(c)(3) organization exempt from federal income tax. The Foundation is fiscally and organizationally independent from the College and is governed by its own Board of Directors whose members are business, corporate, and community leaders residing or conducting professional endeavors within the College’s service area.

III.A.3.2. Donations
All donations for the College’s benefit are accepted by the Foundation, which has sole authority to accept gifts for the College. Donated money or other property, and income therefrom, is spent in any legally authorized manner. If a donor restricts how his or her donation may be used, the Foundation will either honor the restriction or reject the donation. Donors should communicate any restrictions on donated funds or other property before the Foundation accepts the donation.

The Foundation’s criteria for philanthropic gifts require that the donor: (a) Intend to make a charitable contribution; (b) Transfer the gift irrevocably; (c) Not receive any goods or services in exchange for the gift; and (d) Not discriminate against any person on the basis of race, color, sex, age, sexual orientation, religion, ethnic or national origin, disability, veteran status, or any other protected status.

Monetary donations from private sources are processed through the Foundation and follow the Foundation’s applicable processes.

III.A.3.3. Relationship between Foundation and College
The Chancellor or designee adopts rules to govern the relationship between the Foundation and the College including the:

(a) Administration and investment of funds the Foundation receives for the College’s benefit;

(b) Foundation’s use of College employees or property;

(c) Service by a College officer or employee as an officer or director of the Foundation; and

(d) Monetary enrichment of a College officer or employee by the Foundation.3

The Chancellor or designee reports gifts and donations quarterly to the Board, including the corresponding donors, values, forms, and restrictions.

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3 Tex. Gov’t Code § 2255.001(b)(1-4).
Policy Report and Consideration No. 3 (ACTION ITEM 2)  Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.B. Budgeting, Accounting, and Reporting

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.B. Budgeting, Accounting, and Reporting which covers College policies related to the annual budget and indirect costs.

Rationale: It has been several years since Section III.B. Budgeting, Accounting, and Reporting was revised, and several policy matters needed to be revisited and, as necessary, revised or reaffirmed. During the revision process, it became apparent that the current version of Section III.B. Budgeting, Accounting, and Reporting contained outdated language regarding the annual budget adoption. Section III.B. Budgeting, Accounting, and Reporting was reorganized for clarity and the section addressing indirect costs was added. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Jennifer Olenick 832-813-6512
Mario K. Castillo 832-813-6655
III.B. BUDGETING, ACCOUNTING, AND REPORTING

III.B.1. Annual Operating Budget

III.B.1.1. Policy
The College constructs, adopts, and administers its annual budget following all legal requirements. The budget adheres to requirements of the Texas Higher Education Coordinating Board1 and the Southern Association of Colleges and Schools Commission on Colleges.

III.B.1.2. Definitions

(a) Fiscal Year means September 1 through August 31.

(b) THECB means the Texas Higher Education Coordinating Board.

III.B.1.3. Budget Planning
Budget planning ensures that the College’s budget effectively reflects its goals, programs, and activities, and that the College has sufficient resources to implement and support them.

III.B.1.4. Budget Schedule
The Chancellor or designee supervises the budget calendar development and the specific budget preparation plan, ensuring appropriate input from all College locations and levels of operation.

III.B.1.5. Budget Adoption
On or before September 1, the Board shall approve an itemized budget covering College operations for the fiscal year beginning September 1 of each year.2

The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the College’s adopted purchasing procedures. The budget shall:

(a) Include general revenue, local funds, and estimated institutional funds;

(b) Include detail by department for current and prior year;

(c) Include a summary by functional categories for current and prior year;

(d) Include a summary of the instructional budget by college for the current and preceding year;

(e) Include a summary by amount and method of finance for each listed informational item in the General Appropriation Act; and

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1 Texas Higher Education Coordinating Board Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community Colleges available at http://www.theeb.state.tx.us/reports/PDF/7003.PDF
(f) Be prepared within the limits of revenue available.³

The Chancellor or designee ensures that funds are expended in accordance with the adopted budget.

III.B.1.6. Public Hearing
The annual public hearing on the proposed budget follows the law, and has the following parameters under this policy:

(a) Before the hearing, the Board may establish time limits for speakers and may determine the number of speakers for group presentations;

(b) The Board Chair shall request at the beginning of the hearing that all persons desiring to speak should register in advance;

(c) Speakers shall confine their remarks to the appropriation of funds as contained in the proposed budget; and

(d) No officer or employee of the College shall be required to respond to questions from speakers at the hearing.

III.B.1.7. Budget Amendment by the Board
The Board may amend the adopted budget at any time during the fiscal year.

III.B.1.8. Budget Availability
After the proposed budget is presented to the Board, and before its adoption, a copy of the proposed budget will be available for inspection at the College’s administrative offices during regular business hours.

Copies of the budget shall be furnished to the THECB and Legislative Budget Board, with five additional copies retained for distribution to legislators upon request, and a copy shall be maintained in the College’s libraries.⁴

III.B.1.9. Financial Reports and Statements
The Chancellor or designee will submit periodic financial and budget reports to the Board outlining budget progress at least at every regularly scheduled board meeting and the status of all College funds and accounts. These financial and budget progress reports indicate revenues and their sources, and expenditures and their classification for the period.

III.B.2. Indirect Costs

III.B.2.1 Policy
The College renews and maintains a federal indirect cost rate in conformance with federal law.

³ 19 T.A.C. § 13.45
III.B.2.2. Definition

(a) **Indirect costs** means the expenses of doing business not readily identified with a particular grant, contract, project function, or activity, but necessary for the organization’s operations and activities. Examples of indirect costs are: (i) maintenance of shared facilities; (ii) depreciation of shared buildings and equipment; (iii) accounting services; (iv) human resources; (v) financial and accounting services; (vi) library and computing services; and (vii) utilities of shared facilities.\(^5\)

III.B.2.3. Charging Indirect Costs on Grants and Contracts
College personnel must seek the maximum indirect cost allowed by the funder for all grants and contracts. The Chancellor must approve any exception in writing.

\(^5\) 2 C.F.R. §200.414
Policy Report and Consideration No. 4  (ACTION ITEM 3)  Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.C. Cash Management

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.C. Cash Management which covers College policies related to management of College debt, investments, and depository accounts.

Rationale: It has been several years since Section III.C. Cash Management has been substantially revised, and several policy matters needed to be revisited and, as necessary, revised or reaffirmed. Section III.C. was also reorganized for clarity, and the Board Policy Review Committee recommends that the Board adopt this proposed revised section.

Fiscal Impact: None.

Resource: Jennifer Olenick  832-813-6512
Mario K. Castillo  832-813-6655
III.C. CASH MANAGEMENT

III.C.1. Debt Management

III.C.1.1. Policy
The College follows clear guidelines for issuing new debt and managing outstanding debt to obtain the lowest available borrowing costs and greatest management flexibility.

III.C.1.2. Definitions
(a) Debt Instruments means bonds or notes issued by the College, including general obligation bonds, maintenance tax notes, revenue bonds, and lease revenue bonds.

(b) Debt Management Procedures means College procedures that clearly lay out acceptable and unacceptable practices for the College to issue new debt and manage outstanding debt.

(c) Reserves means College funds set aside to meet unexpected costs.

III.C.1.3. Approval
The Board approves all debt instruments in advance. Voters must also approve general obligation bonds in advance. Other debt instruments do not require voter approval, but lease revenue bonds are subject to annual appropriations. The Chancellor must adopt, and the College must adhere to, debt management procedures.

III.C.1.4. Alternative Structures
The College does not use alternative financial management products, such as interest rate swaps or derivatives, in connection with its debt instruments.

III.C.1.5. Maturity
No College debt instrument’s repayment term may exceed 30 years. The College maintains its weighted average debt instrument maturity at or below 25 years.

III.C.1.6. Reserves
The College maintains reserves to weather any unexpected cash flow variations or financial emergencies. At least annually, the Board sets the College’s minimum level of reserves. To preserve the College’s favorable credit ratings, the Board considers reserve fund guidelines used by credit rating agencies. The Chancellor and Board must approve any expenditures that reduce reserves below levels set by the Board.

III.C.2. Investment Management

III.C.2.1. Policy
The College invests available funds after evaluating the College’s anticipated cash flow requirements and giving due consideration to investment safety and risk. The College’s investment portfolio is prudently designed and managed to obtain reasonable revenue without compromising the College’s cash flow needs, to maintain public trust, and to comply with legal
requirements and limitations. This policy applies to all investment assets under the College’s direct control.

The College invests with the following objectives in priority order: (1) safety and principal preservation; (2) liquidity; (3) diversification; (4) public trust; and (5) yield.

III.C.2.2. Definitions
(a) Act means Texas Government Code Chapter 2256, the Public Funds Investment Act.

(b) Board means the Board of Trustees with ultimate legal authority to govern the College.

(c) Investment Officers means the College’s Vice Chancellor for Administration and Finance, Associate CFO, the Associate Vice Chancellor for Administration and Finance, including an employee temporarily holding one of those positions in an acting or interim role.

(d) Repurchase Agreement means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date certain authorized investments for a market value not less than the principal amount of funds disbursed.

(e) SEC means the United States Securities and Exchange Commission.

III.C.2.3. Purpose and Strategy
The Act requires the College to adopt a written investment policy regarding investment of its funds and funds under its control, including a separate written investment strategy for each of the funds or group of funds under its control. At least annually, the Board reviews this investment policy and investment strategies and adopts a written instrument stating that this review has taken place and listing any changes to the investment policy or strategies. This investment policy addresses the methods and practices the College uses to ensure prudent fund management.

The College’s overall investment strategy is to properly safeguard College financial assets, provide sufficient liquidity and diversification, and produce a reasonable rate of return while enabling the College to react to changes in economic and market conditions. All investments this policy authorizes are suitable.

The longer an investment’s maturity, the greater its price volatility. Therefore, the College primarily invests in short- and intermediate-term investments to limit risk caused by interest rate changes. The College attempts to match its investments with its anticipated cash flow requirements. Cash flow requirements generally divide the portfolio into four major parts: liquidity needs, short-term needs, intermediate-term needs, and longer term, core investment. The College does not purchase investments maturing more than three years from the purchase date.
The College’s investment portfolio is designed to obtain a reasonable return throughout budgetary and economic cycles commensurate with investment risk constraints and cash flow needs. “Weighted Average Yield to Maturity” is used to calculate the portfolio’s rate of return.

The College commingles its operating, reserve, trust, and agency funds into one investment portfolio for investment efficiency, accurate distribution of earnings, and maximum investment opportunity. Nevertheless, the College recognizes each fund’s unique characteristics and needs and manages its portfolio accordingly. The maximum dollar weighted average maturity of the entire commingled portfolio reflecting cash flow needs will be no greater than one year, and the corresponding benchmark for the commingled portfolio will be the comparable one-year U.S. Treasury security.

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

**III.C.2.4. College Fund Investment Strategies**

(a) **General Fund** includes all College operating funds including, but not limited to, the general fund, payroll fund, technology fund, student activity fee fund, repair and replacement fund, and the auxiliary fund. This fund’s primary investment objectives are (1) to preserve and safeguard principal; and (2) to match anticipated cash flows with adequate investment liquidity. These objectives are accomplished by purchasing high credit quality, short- to intermediate-term investments matching cash flow requirements. Funds not needed for short-term cash flow requirements are invested in diversified instruments with diversified maturities readily marketable in the secondary market or, if certificates of deposit, redeemable with or without penalty. Yield may be enhanced by using maturity extensions available within the confines of accurate cash flow projections and market cycle timing. This fund’s maximum weighted average maturity is one year, and the maximum stated maturity for any one investment is three years.

(b) **Restricted Fund** includes local, state, and federal grant funds and funds from other sources restricted for instructional use. This fund’s primary investment objectives are (1) to preserve and safeguard principal; (2) to maintain liquidity sufficient to meet anticipated cash flow requirements; and (3) to optimize yield. These objectives are accomplished by purchasing high credit quality, short-term investments, diversified by instrument and maturity, and matching the investments’ maturity with anticipated liabilities. Funds not needed for short-term cash flow requirements are invested in diversified instruments with diversified maturities readily marketable in the secondary market or, if certificates of deposit, redeemable with or without penalty. A ladder of short-term investments with sufficient liquidity from cash equivalent investments may be used to maintain a maximum weighted average maturity of one year, and the maximum stated maturity for any one investment is two years or less.
(c) **Capital Projects Fund.** The Capital Projects Fund’s primary investment objectives are to (1) preserve and safeguard principal; (2) match cash flows from maturities and earnings of diversified investments to anticipated needs; and (3) obtain a reasonable market yield. Considering appropriate risk constraints, investment choices attempt to attain a return equal to or above the arbitrage yield to avoid negative arbitrage. These objectives are accomplished by purchasing high credit quality, short- and intermediate-term investments with maturities closely matching projected cash flow schedules. Funds not needed for short-term cash flow requirements are invested in diversified instruments with diversified maturities readily marketable in the secondary market or, if certificates of deposit, redeemable with or without penalty. An individual security’s maximum maturity will not exceed the shorter of the funds’ planned expenditure span or the maximum length—currently three years—allowed under this policy.

(d) **Debt Service Fund.** The Debt Service Fund’s primary investment objectives are to (1) preserve and safeguard capital; and (2) optimize yield to fund debt service payments in accordance with bond documents. Funds not required for immediate liquidity are invested in diversified instruments. Each successive debt service payment is fully funded before extensions are made. This fund’s maximum weighted average maturity is one year.

(e) **Trust and Agency Fund** includes local scholarship funds, club funds, and other funds for which the College acts as fiduciary and which have short average lives and high liquidity needs. This fund’s primary investment objectives are to ensure safety, liquidity, diversification, and yield. These objectives are accomplished by purchasing high credit quality, short-term investments and cash equivalents for liquidity. An individual security’s maximum maturity is one year and the fund’s maximum weighted average maturity is six months.

**III.C.2.5. Prudent Person Rule**

When investing for the College, investment officers consider prevailing internal and market circumstances which persons of prudence, discretion, and intelligence would exercise when managing their own affairs—not for speculation, but for investment. Investment officers consider the probable safety of capital as well as probable income from an investment decision.

When determining if an investment officer exercised prudence in an investment decision, reviewers consider the investment of all funds rather than a single investment and whether the investment decision was consistent with this investment policy.

**III.C.2.6. Credit Rating Downgrades**

At least quarterly, investment officers obtain from a reliable source the current credit rating for each College investment for which the Act requires a minimum rating. Investment officers meet to discuss any investment which has been downgraded or placed on credit-watch to evaluate and take any necessary and prudent measures to assure the safety of College funds.
As quickly as prudently possible, the College liquidates any investment that becomes unauthorized or loses its required credit rating.

III.C.2.7. Authority and Delegation
The Act authorizes the College to manage College investments and to delegate such management.

III.C.2.8. Investment Officers
The Board designates the College’s investment officers and delegates to them responsibility to manage the College’s investment program under the Chancellor’s supervision. The Board retains ultimate fiduciary responsibility for College investments.

Investment officers are responsible for all investment transactions, and they establish and maintain controls to regulate subordinates’ activities. No person may engage in an investment transaction for the College except as set forth in this policy and relevant Chancellor’s procedures. Investment officers acting in good faith under relevant policies and procedures are not personally liable for investment results.

Investment officers report to the Board quarterly on investment results and annually on counterparties. No later than the 180th day after the 1st day of each regular session of the Texas Legislature, investment officers prepare and deliver a report to the Board on the Act.

III.C.2.9. Investment Training
The College provides access to periodic investment training for trustees, investment officers, and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in compliance with the Act.

Within six months after taking office or assuming duties, trustees and investment officers must acquire at least the minimum investment training required by the Texas Higher Education Coordinating Board. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

In addition, the College’s Administration and Finance staff directly involved with day-to-day investment operations will attend training about the Act not less than once each state fiscal biennium. Investment officers also complete at least the minimum required hours of training not less than once each state fiscal biennium. An independent source approved by the Board provides all such training. The following are Board-approved training providers:

1. American Institute of Certified Public Accountants
2. Arbitrage Compliance Group
3. Association of Governmental Accountants
4. City Managers’ Association
5. Council of Governments
6. Government Finance Officers’ Association
7. Government Finance Officers’ Association of Texas
8. Government Treasurers’ Organization of Texas
9. Texas Association of Community College Business Officers
10. Texas Higher Education Coordinating Board
11. Texas Municipal League
12. Texas Society of Certified Public Accountants
13. Texas State Board of Public Accountancy
14. The PFM Group
15. University of North Texas Center for Public Management

III.C.2.10. Ethics and Disclosure of Conflicts of Interest
Investment officers and other College employees involved in the investment process refrain from personal business activity that could (1) conflict with properly executing the investment program or (2) impair their ability to make impartial investment decisions. Investment officers disclose potential conflicts of interest annually and as conditions change. Investment officers file a disclosure statement with the Texas Ethics Commission and the Board if:

(a) The investment officer has a personal business relationship with a business organization offering to engage in an investment transaction with the College; or

(b) The investment officer is related within the second degree by affinity or consanguinity, as determined under Texas Government Code Chapter 573, to an individual seeking to transact investment business with the College.

III.C.2.11. Investment Providers
Investment officers obtain and maintain information on all financial institutions and brokers/dealers authorized to engage in investment transactions with the College, including the following information, as applicable:

(a) Audited annual financial statements;

(b) Proof of Financial Industry Regulatory Authority membership and CRD number;

(c) Proof of registration with the Texas State Securities Board; and

(d) Completed College questionnaire.

All investment providers (including but not limited to financial institutions, broker/dealers, investment pools, mutual funds, and investment advisors) must certify in writing that the entity’s authorized representative has received and thoroughly reviewed the College’s current investment policy and that the entity has reasonable procedures and controls to preclude
transactions conducted with the College not authorized by its investment policy except to the extent that authorization depends on analyzing the College’s entire portfolio or requires interpretation of subjective investment standards. Whenever the Board adopts material changes to the College’s investment policy, investment providers must re-certify their adherence to this policy.

The Board annually adopts a list of qualified brokers/dealers authorized to engage in investment transactions with the College. The Board considers service, market involvement, and creditworthiness when selecting brokers/dealers to provide brokerage services. Selected firms may include primary dealers and regional dealers qualifying under the SEC’s uniform net capital rule.

Each year, investment officers review and evaluate firms authorized to enter into investment transactions with the College. Their review and evaluation may include the following criteria:

(a) Number of transactions competitively won/attempted;

(b) Prompt and accurate confirmation of transactions;

(c) Efficiency of transaction settlement;

(d) Accuracy of market information; and

(e) Account servicing.

After their review and evaluation, investment officers recommend to the Board a list of firms to authorize to enter into investment transactions with the College for the following year.

III.C.2.13. Authorized and Unauthorized Investments
The College may invest in the following:

(a) Obligations of the United States of America or its agencies and instrumentalities, excluding mortgage-backed securities;

(b) Certificates of deposit, and other forms of deposit, issued by a depository institution with its main office or a branch office in Texas and guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner consistent with state law (including Texas Government Code Chapter 2257, the Public Funds Collateral Act) and this investment policy;

(c) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States government or its
agencies and instrumentalities, including obligations fully guaranteed or insured by the Federal Deposit Insurance Corporation, but excluding mortgage-backed securities;

(d) Direct obligations of the State of Texas or its agencies and instrumentalities;

(e) Obligations of states, agencies, counties, cities, and other political subdivisions of any U.S. state rated as to investment quality by a nationally recognized rating firm and having a current rating of not less than “A” or its equivalent;

(f) Fully collateralized repurchase agreements with a defined termination date secured by a combination of cash and obligations of the United States government or its agencies and instrumentalities, including mortgage-backed securities. Underlying securities are held in the College’s name, deposited at the time the College makes the investment, and held by an independent custodian approved by the College. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A mutually acceptable master repurchase agreement must be executed prior to the transaction. Underlying securities must have a continuous market value greater than or equal to 102 percent. The transaction must have a maximum maturity of 120 days, except flexible repurchase agreements used for bond proceeds. A flexible repurchase agreement’s maximum maturity is matched to cash flow projections and the requirements of the governing bond ordinance;

(g) SEC-registered money market mutual funds continuously rated AAA or an equivalent rating by at least one nationally recognized rating firm and in compliance with the Act;

(h) Local government investment pools in Texas which (1) meet the Act’s requirements; (2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating firm; and (3) are authorized by Board resolution; and

(i) Commercial paper with a maximum maturity of 180 days, rated A1/P1 or an equivalent by at least two nationally recognized rating firms.

Other investments which may be authorized by statute are not authorized College investments unless and until the Board amends this investment policy.

The College may not invest in the following:

(a) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no interest.

(b) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and pays no interest.
(c) Collateralized mortgage obligations with a stated final maturity greater than 10 years.

(d) Collateralized mortgage obligations with an interest rate determined by an index that adjusts opposite to the changes in a market index.

III.C.2.14. Securities Held by Custodians
All securities owned by the College are held by independent third party custodians approved by the College. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

III.C.2.15. Delivery versus Payment
Except for investment pool funds and mutual funds, the College settles all security transactions on a delivery versus payment basis.

III.C.2.16. Competition
College investment activities occur in a competitive environment. Competitive elements include, but are not limited to, analyzing strategies, reviewing investment alternatives, monitoring market conditions, requesting solicitations from multiple investment providers, adhering to applicable “bona fide solicitation” rules, and overall performance evaluations.

The College may compare and evaluate, but does not require formal bidding, before investing in financial institution deposits, money market mutual funds, or local government investment pools. Bids or offers may be solicited orally, in writing, or electronically for securities and certificates of deposit. The College maintains records of all prices and levels bid, offered, or accepted.

III.C.2.17. Diversification
The College recognizes investment risks from issuer defaults, market price changes, or complications leading to temporary illiquidity. The College manages market risks by diversifying its portfolio within the following general guidelines:

(a) Avoid over-concentration in investments from a specific issuer or business sector;

(b) Limit investments with higher credit risk (such as commercial paper);

(c) Invest in instruments with varying maturities to meet the College’s cash flow projections;

(d) Continuously invest part of the portfolio in readily available funds (such as local government investment pools, financial institution deposits, money market funds, or overnight repurchase agreements) to maintain sufficient liquidity for ongoing obligations.
(e) Adhere to the following maximum limits (at time of purchase) by instrument for the College’s total portfolio:

1. US Treasury Obligations................................. 90%
2. US Agencies and Instrumentalities ....................... 90%
3. Certificates of Deposit ........................................... 90%
4. Repurchase Agreements (excluding bond proceeds) ...... 50%
5. Flexible Repurchase Agreements (bond proceeds) .... 100%
6. Investment Pools .................................................. 100%
7. Municipal Securities ............................................. 30%
8. Commercial Paper ............................................... 25%
9. Commercial Paper by issuer ................................. 5%

III.C.2.18. Internal Controls
Internal controls provide reasonable assurance that College funds are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that a control’s cost should not significantly exceed the benefits likely to be derived therefrom and that valuing costs and benefits requires estimates and judgments by management.

Internal controls for cash management and investment address at least the following points:

(a) Complete documentation of all transactions;
(b) Collusion control;
(c) Accounting and recordkeeping separation;
(d) Custodial safekeeping;
(e) Clear delegation of authority to subordinate staff members;
(f) Written confirmation for all transactions;
(g) Timely reconciliation of transactions; and
(h) Assurance of “delivery versus payment” settlement and competitive bidding.

III.C.2.19. Compliance Audit
At least once every two years, an external auditor independently reviews the College’s investment practices for compliance with College policies and procedures. The Executive Director for Internal Audit coordinates this independent review. Not later than January 1 of each even-numbered year, the College reports the most recent audit’s results to the Texas State Auditor’s Office.
III.C.2.20. Quarterly Reporting

Each quarter, investment officers prepare, sign, and present to the Chancellor and to the Board an investment report for the most recent quarter summarizing investment strategies employed and detailing the portfolio’s investment and earnings.

Each quarterly investment report includes a summary statement of investment activity. Quarterly reports allow the reader to ascertain whether investment activities during the reporting period adhered to the College’s investment policy. Each report includes at least the following:

(a) A detailed listing of individual investments by maturity date at the reporting period’s end;

(b) A portfolio summary by market sectors and maturities;

(c) The beginning and ending book and market values of each security and position by asset type and fund type invested;

(d) Unrealized market gains or losses at the reporting period’s end;

(e) The account, fund, or pooled group fund for which each individual investment was acquired;

(f) The portfolio’s average weighted yield to maturity as compared to its benchmark;

(g) Net accrued investment earnings for the reporting period;

(h) Diversification by market sectors; and

(i) A statement of compliance with the Act and the College’s investment policy and strategy as approved by the Board.

III.C.2.21. Market Values in Quarterly Reports

Market values used in quarterly reports are obtained from reputable and independent sources, which may include financial/investment publications and electronic media, investment tracking software, depository banks, commercial or investment banks, financial advisors, and representatives or advisors of investment pools or money market funds.

III.C.2.22. Annual Reporting

As required by the Texas State Auditor’s Office in accordance with the 82nd Texas Legislature’s General Appropriations Act, Article III, Rider 5–Investment Reports, the College files with the State Auditor, Comptroller of Public Accounts, Legislative Budget Board, and the Governor an annual report of all investment transactions involving endowment funds, short-term and long-term investment funds, and all other securities transactions, in a method
prescribed by the State Auditor’s Office. The public may inspect copies of these reports, and the annual investment report is posted on the College’s website by December 31 of each year.

III.C.3. Depositories

III.C.3.1. Policy
The College safeguards public funds in deposit accounts with eligible institutions. All deposits of College funds are secured by collateral.

III.C.3.2. Definitions
(a) Act means Texas Government Code Chapter 2257, the Public Funds Collateral Act.

(b) Custodian Bank means a bank that holds securities pledged by a depository to secure College deposits, subject to a custody agreement between the College, depository, and custodian bank.

(c) Depository means a bank in Texas holding one or more College deposit accounts.

III.C.3.3. Reporting
The Vice Chancellor for Administration and Finance’s monthly financial report to the Board includes the balances of all College depository accounts as of the end of the last month for which data is available.

III.C.3.4. Selecting a Depository
The College selects banks to serve as depositories of College funds as set forth in Sections 45.206 through 45.209 of the Texas Education Code (or their successor statutes) as amended. A bank is not disqualified from bidding, submitting a proposal, or becoming a College depository if one or more of the College’s Trustees is a stockholder, officer, director, or employee of the bank, but the Trustee(s) so associated with the bank may not vote on that item.

III.C.3.5. Depository Contracts
Contracts for depository services define the College’s rights to collateral in case of default, bankruptcy, or closing, and establish a perfected security interest under federal and state law. Each depository contracts is:

(a) in writing;

(b) executed by the depository and the College contemporaneously with the depository’s acquisition of collateral;

(c) approved by the depository’s Board of Directors or designated committee and reflected on the meeting minutes, with a copy of the meeting minutes delivered to the College; and

(d) continuously since its execution an official record of the depository.
A depository contract’s term must coincide with the College’s fiscal year. Depositories serve for a two-year term and until a successor is selected and has qualified, except that the College and a depository may agree to extend a depository contract for up to two additional two-year terms.

Contracts for depository services may provide for services to the College other than traditional demand deposit services, such as Automatic Teller Machines on College premises, electronic check conversion services, merchant processing services, provision of declining balance debit cards to augment College programs to expand electronic funds transfers, courier or armored car services, remote check acceptance services, and other related services.

III.C.3.6. Collateral Requirements
To fully secure all uninsured College deposits, the College requires depositories to pledge College-approved securities, not surety bonds, as collateral for deposits. The College elects to adhere to the Act’s provisions insofar as they would apply to a standard public entity and to satisfy any special provisions of the Act that clearly apply to the College. The collateral’s market value must be 102 percent of the principal and accrued interest on the College’s deposits less any amount insured by the Federal Deposit Insurance Corporation or the United States. At least monthly, depositories report to the College the total market value of collateral securing College deposits.

III.C.3.7. Collateral Custodian Agreements
The College selects a custodian bank outside the holding company of the pledging depository to hold securities pledged as collateral. The custodian bank must qualify under Section 2257.041(d) of the Act (or successor statute) as amended. The parties may also use a custody agreement with the Federal Reserve Bank as defined in Operating Circular Number 7. Custody agreements specify acceptable securities for collateral and include provisions for possessing the collateral, substituting or releasing securities with prior College approval, documenting the pledge of securities, and monthly reporting on collateral valuation. The College requires and retains original trust receipts for pledged securities. Custody agreements require custodian banks to monitor and maintain the required collateral and collateral margins at all times. Custodian banks maintain the records required by Section 2257.046 of the Act (or successor statute) as amended and allow the College or the Texas Comptroller of Public Accounts to examine those records at any reasonable time.

III.C.3.8. Authorized Collateral
The College authorizes only the following types of collateral:

(a) Obligations of the United States or its agencies and instrumentalities, including mortgage-backed securities which pass the high-risk mortgage obligation test;

(b) Direct obligations of the State of Texas or its agencies and instrumentalities;
(e) Obligations of states, agencies, counties, cities, and other political subdivisions of any U.S. state rated as to investment quality by a nationally recognized rating firm and having a current rating of not less than “A” or its equivalent; and

(d) Letters of credit issued by the United States or its agencies and instrumentalities.
Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.D. Purchasing and Acquisitions

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.D. Purchasing and Acquisitions which covers College policies related to College-funded purchases and amend the title to Section III.D. Purchasing.

Rationale: It has been several years since Section III.D. Purchasing was revised, and several policy matters needed to be revisited and, as necessary, revised or reaffirmed. During the revision process, it became apparent that the current version of Section III.D. Purchasing contained outdated and or inaccurate language regarding how the College makes purchases. Section III.D. was also reorganized for clarity. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Jennifer Olenick 832-813-6512
Mario K. Castillo 832-813-6655
III.D. PURCHASING

III.D.1. Purchasing Overview

III.D.1.1. Policy
The College’s overall purchasing mission is to use available fiscal resources to provide best value and quality for the College. College purchasing supports instructional delivery, administration, and other services. The College purchases goods and services ethically and fairly and provides equal opportunity to qualified vendors.

III.D.1.2. Definitions
(a) **Amendment** means revisions to specific terms of an executed contract. Contract amendments must be approved and executed at the same level of authority as the underlying contract.

(b) **Approval** means the process of securing necessary approvals from the Board or its designee(s) as authorized by this policy to approve a proposed contract’s form, content, and business terms.

(c) **Business relationship** means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on: (1) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity; (2) a transaction conducted at a price and subject to terms available to the public; or (3) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.\(^1\)

(d) **Contract** means a written contract stating the essential terms of the agreement for providing goods or services to the College that is properly executed on behalf of the College.\(^2\) The term contract does not include any form of oral agreement. Contracts in this policy section do not include agreements for the purchase of legal services.

(e) **Executed** means a contract signed by an authorized College official and the contract’s other party or parties.

(f) **Family member** means a spouse, child, in-law, sister, brother, mother, father, grandparent including members that are natural, foster, adopted, or step.\(^3\)

(g) **Officer** means: (1) a member of the governing body of the College; (2) a director, superintendent, administrator, president, or other person designated as the executive

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\(^1\) Tex. Loc. Gov’t Code § 176.001(1-a).
\(^3\) Tex. Loc. Gov’t Code § 176.001(2).
officer of the College; or (3) an agent of the College who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.\(^4\)

(h) **Renewal** means the timely continuation of the same contract for a specified time period.

(i) **Vendor** means a person or entity, including the corresponding agent, who enters or seeks to enter into a contract with the College.\(^5\)

### III.D.1.3. Purchases Requiring Board Approval

Notwithstanding any other policy section, the following contract types require Board approval unless the Board has expressly authorized approval delegation to the Chancellor or designee:

(a) Employment contracts;

(b) Finance agreements;

(c) Purchases or sales of real property;

(d) Contracts, excluding legal services, with a cumulative value of $100,000 or more over a contract term of 12 months or less;

(e) Leases with a cumulative value of $100,000 or more during the lease term including tenant improvements and other costs associated with executing a lease; and

(f) Contracts involving intellectual property or technology transfer sales, including software licenses, owned wholly or partially by the College.

A contract requiring Board approval must be approved by the Board and executed by the Board Chair or the Chancellor or Chancellor’s designee. However, employment contracts are executed by both the Board Chair and the Chancellor.

### III.D.1.4. Purchasing Approvals and Delegation of Authority

The Chancellor may approve and execute contracts not specifically required by policy or by law to be approved by the Board.\(^6\) The Chancellor may delegate specific contract authority to specific College administrators. The Chancellor’s Procedures will specify the type of contract authority delegated to administrative positions, the process to secure legal review of such contracts, and any permitted sub-delegation authority.

No College employee or agent may enter into any contract, contract renewal, or contract amendment on the College’s behalf, except as expressly stated in this Policy Manual and relevant Chancellor’s procedures. If a College employee signs a contract without authority, or

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\(^4\) Tex. Loc. Gov’t Code § 176.001(4).

\(^5\) Tex. Loc. Gov’t Code § 176.001(7); See also https://www.ethics.state.tx.us/filinginfo/conflict_forms.htm

\(^6\) Tex. Educ. Code § 44.0312(a)-(b).
falsely represents to a third party that the employee has authority to sign a contract, the employee may be held personally responsible to the third party under Texas law. Unless a contract is expressed in writing, approved, and executed in accordance with this policy and state law, it is not binding on or enforceable against the College.7

Any employee who signs a contract or seeks to bind the College to an agreement in violation of this policy may be subject to discipline, up to and including employment termination.

III.D.1.5. Purchase Forms
The College uses four purchase forms: direct payment requests, approved credit cards (including Procurement Cards), petty cash disbursements, and purchase orders. Regardless of the purchase form used, each purchase must be approved in advance by the appropriate budget manager or authorized designee, and funds must be available in the appropriate budget. Each purchase form is used in the following manner:

(a) **Direct payment requests** are used to request payment for goods and services where a purchase order is not warranted or a credit card is not accepted.

(b) **Approved credit cards** are used to purchase travel-related services, including registration for approved conferences, and other small-dollar purchases as approved by the Chancellor or designee.

(c) **Petty cash** is used for College employees’ out-of-pocket expenditures. Supervisors must approve petty cash use in advance and no petty cash expenditure may exceed $75. Purchases may not be subdivided to fall under this $75 limit. Each petty cash expenditure must be documented with a corresponding purchase receipt. Each petty cash fund must have a custodian of record who is responsible and accountable for managing the fund. Petty cash audits are routinely performed by an administrative official or designee, other than the petty cash fund’s custodian.

(d) **Purchase orders** are used for all other purchases. The College Purchasing Department controls all purchase orders. Purchase commitments without a properly drawn purchase order and not authorized by the College Purchasing Director, Chancellor, or designee, are not honored for payment.

III.D.1.6. Employee Responsibilities
All employees engaged in College purchasing processes shall conduct themselves fairly, objectively, and keep the decision-making and award processes confidential. College employees may not purchase supplies or equipment for personal use through the College.

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7 Tex. Loc. Gov’t Code § 271, Subch. I.
III.D.1.7. Legal Responsibility for College Debts
The Board assumes responsibility for debts incurred in the College’s name if those debts are for purchases made in accordance with Policy Manual and current Chancellor’s Procedures regarding contracting and purchasing. The Board is not responsible for debts incurred by persons or organizations not directly under Board control. The Board is not responsible for any other unauthorized purchase or debt. All vendors are responsible for verifying an individual’s or organization’s authority before any purchase, contract, or debt is incurred. Persons making unauthorized purchases are fully responsible for all such debts.

III.D.1.8. Conflict of Interest Prohibited for Purchasing
The College cannot make a purchase if a conflict of interest exists. The College does not purchase from an employee or an employee’s family member. Further, the College does not purchase from a company in which an employee or an employee’s family member owns a five percent or greater ownership or profits interest. However, purchases prohibited by this policy are allowed if: (1) the purchase results from a competitive process; (2) the goods or services purchased are not under the direct or indirect authority of the approving employees’ department or division; and (3) the employee or the employee’s family member’s bid is the lowest price bid that meets all bid specifications. Purchases unable to meet the previous criteria can only be approved by the Board.

III.D.1.9. Conflict of Interest Questionnaire Required Under Certain Circumstances
The Texas Ethics Commission adopted the Conflicts of Interest Questionnaire, Form CIQ, requiring disclosure of business relationships and certain gifts or income provided to officers and/or their family members from a potential vendor that may cause a potential conflict of interest with the College.\textsuperscript{8} The Texas Ethics Commission also adopted the Local Government Officer Conflicts Disclosure Statement, Form CIS, for officers who have become aware of facts requiring them to file a disclosure statement.\textsuperscript{9}

A potential vendor and a College officer must file a conflict of interest questionnaire if the parties enter or consider entering into a contract with the College and:

\textbf{(a)} the potential vendor has an employment or other business relationship with an officer, or an officer’s family member, that results in the officer or family member receiving taxable income, other than investment income, exceeding $2,500 during the 12-month period preceding the date that the officer becomes aware that a contract has been executed with the potential vendor or that the College is considering entering into a contract with the potential vendor; or

\textbf{(b)} the potential vendor has given the officer or officer’s family member one or more gifts having an aggregate value of more than $100 in the 12-month period preceding the date that the officer becomes aware that a contract has been executed with the potential vendor or that the College is considering entering into a contract with the potential vendor.

\textsuperscript{8} Tex. Loc. Gov’t Code § 176 et seq.
\textsuperscript{9} Tex. Loc. Gov’t Code § 176 et seq.; See also https://www.ethics.state.tx.us/filinginfo/conflict_forms.htm
The College’s Purchasing Department maintains a list of College officers and makes that list available to the public and to any potential vendor who may be required to file a conflict of interest questionnaire. Completed questionnaires are subject to the Texas Public Information Act and are available on the College’s website.\textsuperscript{10}

**III.D.1. Certificate of Interested Parties**

The College may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the College at the time the business entity submits the signed contract to the College. A Texas Ethics Commission Certificate of Interested Parties (Form 1295) is required for a College contract that either (1) requires an action or vote by Board before the contract may be signed or (2) has a value of at least $1 million.

The College must notify the commission, using the commission’s filing application, of the receipt of the filed Form 1295 with the certification of filing not later than the 30th day after the date the contract binds all parties to the contract.\textsuperscript{11}

**III.D.2. Purchasing of Goods and Services**

**III.D.2.1. Policy**

When purchasing goods and services, the College obtains the best overall value and conducts all procurement activities in an open and fair manner with equal opportunity for all qualified vendors. The College provides equal contracting opportunities as required by federal and state laws and by local laws and regulations for historically underutilized businesses. Purchases of goods and services are based upon competitive processes, except as otherwise provided in this policy. Purchases may not be separate, sequential, or component purchases to avoid state or local purchasing policies.\textsuperscript{12} This policy applies to most purchases of goods or services. It does not apply to purchases of real property or professional services.

**III.D.2.2. Definitions**

(a) **Library goods and services** means (1) serial and journal subscriptions, including electronic databases, digital content, and information products; (2) other library materials and resources, including books, e-books, and media not available under a statewide contract and papers; (3) library services, including periodical jobber and binding services not available under a statewide contract; (4) library equipment and supplies; and (5) library or resource-sharing programs operated by the Texas State Library and Archives Commission.\textsuperscript{13}

**III.D.2.3. Procedures**

\textsuperscript{10} Tex. Loc. Gov’t Code § 176.009.
\textsuperscript{11} https://www.ethics.state.tx.us/tec/1295-Info.htm
\textsuperscript{12} Tex. Educ. Code § 44.032(a)-(d).
\textsuperscript{13} Tex. Educ. Code § 130.0101(a).
The Chancellor or designee develops and implements Chancellor’s Procedures for complying with this policy.

**III.D.2.4. Authority to Purchase Goods and Services**
The College complies with the Texas Education Code by establishing open and fair purchasing and bidding practices that provide the best value to the College for goods and services valued at $50,000 or more in the aggregate for each 12-month period.\(^{14}\)

The Board must approve purchases or contracts of $100,000 or more over the contract term, including renewal options unless the Board has expressly authorized delegation to the Chancellor or designee. The Chancellor may delegate authority for purchases and contracts to procure goods or services below $100,000 in writing. Those delegation forms must be filed with the Office of the General Counsel before the designee executes any agreements. Delegated procurement authority may be revoked.

That designee may further delegate authority to approve purchase orders, direct payment requests, and employee expense and petty cash reimbursements to other subordinate employees. Those delegation letters must also be filed with the Office of the General Counsel before the designee executes any agreements.

**III.D.2.5. Goods and Services Procurement Options**
Goods and services purchases valued under $50,000 in the aggregate for each 12-month period adhere to Chancellor’s Procedures.

Goods and services purchases valued at $50,000 or more in the aggregate for each 12-month period shall be made by the following methods that provides the best value to the College:\(^{15}\)

1. Competitive bidding for services other than construction services;
2. Competitive sealed proposals for services other than construction services;
3. A request for proposals, for services other than construction services;
4. An interlocal contract;
5. A method provided by Chapter 2269, Government Code, for construction services;
6. The reverse auction procedure as defined by Section 2155.062(d), Local Government Code; or
7. The formation of a political subdivision corporation under Section 304.001, Local Government Code.

\(^{14}\) Tex. Educ. Code § 44.031(a).
\(^{15}\) Tex. Educ. Code § 44.031(a).
III.D.2.6. Administrative Requirements for Purchasing of Goods and Services

Unless otherwise covered by the sections above or required by law to meet other requirements, purchases of goods or services made on the College’s behalf must meet the administrative requirements outlined below.

(a) Purchases Valued at $50,000 or More. All goods and services purchases of $50,000 or more are coordinated through the College’s Purchasing Department, under Administration and Finance. Purchases requiring competitive procurement must include: (1) creating and issuing required standards and specifications; (2) advertising and issuing bid/proposal documents with weighted factors; (3) standardized submission of bids/proposals and public openings; (4) evaluating vendor qualifications and selection; and (5) awarding purchase orders and contracts.

(b) Purchases Valued at $100,000 or More. All goods and services purchases of $100,000 or more require Board approval except as otherwise stated in this policy.

(c) Emergency Purchases. In the event of a catastrophe, emergency, or natural disaster affecting the College, the Board authorizes the Chancellor to contract for the replacement, construction, or repair of College equipment or facilities if the replacement, construction, or repair is necessary for the health and safety of College students and staff.16

Emergency purchases may be made by a method other than those provided in this policy if College equipment, facility, or a portion of a facility is destroyed, severely damaged, or experiences a major unforeseen operational, or structural failure, and the Board determines that the delay posed by the contract methods required by this policy would prevent or substantially impair the conduct of classes or other essential school activities.17

Emergency purchases must be justified in writing and approved in advance by the Chancellor for purchases of $100,000 or more, by the Vice Chancellor for Administration and Finance or designee for purchases under $100,000. The Board must approve or ratify emergency or sole source purchases of $100,000 or more.

d) Sole Source. Sole source purchases must be justified in writing and approved in advance by the Chancellor or designee. A formal competitive process is not required to purchase an item available from only one source, including: (1) an item for which competition is precluded because of a patent, copyright, secret process, or monopoly; (2) a film, manuscript, or book; (3) a utility service, including electricity, gas, or water; or (4) captive replacement part or component for equipment.18

16 Tex. Educ. Code § 44.0312(c).
17 Tex. Educ. Code § 44.031(h).
18 Tex. Educ. Code § 44.031(j-k).
(e) **Interlocal Purchase Agreements & Cooperative Purchasing Programs.** The College may enter into an interlocal purchase agreement with a local government, the state, or a state agency to purchase goods or services. The interlocal purchase agreement must: (1) be authorized by the governing board of each party; (2) state the purpose, terms, rights and duties of the contracting parties; and (3) specify that each party paying for performance of governmental functions or services must make those payments from current available revenues.

The Board must approve interlocal purchase agreements for $100,000 or more over the contract term, whether payable in a one-time payment or in installments unless the Board has expressly authorized delegation to the Chancellor or designee. Purchases may be made through an interlocal agreement without a competitive bid process after a market analysis determines that the interlocal agreement provides the best value for the College. The best value decision must be in writing for purchases exceeding $50,000.

The College may participate in cooperative purchasing programs with a local cooperative organization. The participation agreement shall:

1. designate a person to act under the direction of, and on behalf of, the College in matters relating to the program;

2. make payments to the cooperative or directly to a vendor under a contract made under Local Government Code Chapter 271, Subchapter F; and

3. be responsible for the vendor’s compliance with provisions relating to the quality of items and terms of delivery, to the extent provided in the agreement between the College and the cooperative organization.

(f) **Library Goods and Services Purchases.** The College purchases, licenses, or otherwise acquires library goods and services in any manner including, but not limited to: statewide purchasing contracts, library or resource-sharing programs, available from one source, or any other manner as authorized by Texas law.

(g) **Computer and Computer-Related Equipment Purchases.** The College may acquire computers and computer-related equipment, including computer software, through the Department of Information Resources (DIR) under contracts entered into in accordance with Texas Government Code Chapter 2054 or 2157. Purchases and/or leases of computer equipment through public bids or proposals must be in accordance with

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19 Tex. Gov’t Code § 791 et seq.
20 Tex. Gov’t Code § 791.011(d-f).
22 Tex. Educ. Code § 44.031(i).
applicable rules adopted by the Texas Comptroller pertaining to competitive bidding or competitive sealed proposals.\(^{23}\)

**(h) Automated Information Systems Purchases.** Automated information systems must be purchased as a commodity item under Texas Government Code § 2157.068 or using a purchasing method identified by the Texas Comptroller as providing best value, including a request for offers method.\(^{24}\)

### III.D.2.7. Bidding Requirements

All bidding practices shall comply with state law. The College establishes practices to identify when to require bids and when to utilize other procurement methods. Bid openings are public, and those submitting bids are invited to attend. The Chancellor or designee may reject any and all bids.

All bids are conducted through the College Purchasing Department unless the Board specifically authorizes another process. The College may hold pre-bid conferences and may, upon proper notice, make attendance at such conferences mandatory. The College does not open or consider any bid submitted by a vendor who did not attend a mandatory pre-bid conference.

### III.D.2.8. Surety Bonds

The College may, at the Chancellor or written designee’s discretion, require bid surety, payment bonds, and performance bonds for purchases of goods and services.

Bid surety bonds are returned to all bidders except the successful bidder at the time the award is made. The successful bidder’s surety bond is retained until the merchandise has been delivered, inspected for quality, and determined to meet bid requirements.

### III.D.2.9. Contract Term Limits and Non-Availability of Funds Provision

Long-term contracts are encouraged to maximize the procurement process’s efficiency or to optimize long-term pricing. Long-term contracts shall not exceed five years including any renewals or amendments. Contracts that exceed the end of the College’s fiscal year should include a provision that permits termination at the end of the fiscal year if funding is unavailable or be conditioned on a best efforts attempt by the governing body to obtain and appropriate funds for payment of the contract.\(^{25}\)

### III.D.2.10. College Criteria for Awarding Contracts

In awarding a contract, the College must consider:

**(a)** purchase price, including delivery and installation;

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\(^{23}\) 1 T.A.C. 217.30(a-b).

\(^{24}\) Tex. Gov’t Code 2157.006; 34 T.A.C. 20.391.

\(^{25}\) Tex. Loc. Gov’t Code § 271.903.
(b) the reputation of the vendor and of the vendor’s goods or services;

(c) the quality of the vendor’s goods or services;

(d) the extent to which the goods or services meet the College’s needs;

(e) the vendor’s past relationship with the College;

(f) the impact on the ability of the College to comply with laws relating to historically underutilized businesses;

(g) the total long-term cost to the College to acquire the goods or services;

(h) for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or vendor’s ultimate parent company or majority owner:

1. has its principal place of business in this state; or

2. employs at least 500 persons in this state; and

3. any other relevant factor specifically listed in the request for bids or proposals.\(^\text{26}\)

III.D.2.11. Departure from Purchase of Goods and Services Policy
Circumstances may justify a departure from the College’s normal competitive process. The Chancellor, with the General Counsel’s advice, may expressly approve departures from this policy. Any departure from this policy may not violate applicable law.

III.D.3. Purchase of Professional Services

III.D.3.1 Policy
The Board must approve professional services agreements, excluding legal services, with a value of $100,000 or more over the contract term. The Chancellor or designee must approve professional services agreements with a value of less than $100,000 over the contract term.

III.D.3.2. Definitions
(a) Professional services means:

1. Within the scope of the practice, as defined by state law, accounting, technology, financial, auditing, architecture, landscape architecture, land surveying, medical, optometry, professional engineering, legal, real estate appraising, or professional nursing; \(^\text{27}\) or

\(^{26}\) Tex. Educ. Code § 44.031(b).

\(^{27}\) Tex. Gov’t Code § 2254.002, .003(a); Tex. Educ. Code § 44.031(f).
2. Provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant, an architect, a landscape architect, a land surveyor, a physician, including a surgeon, an optometrist, a professional engineer, a state certified or state licensed real estate appraiser, or a registered nurse; or

3. Services that (a) require predominantly mental or intellectual, rather than physical or manual skills; (b) require years of education and service for one to attain competence and call for a high order of intelligence, skill and learning; and (c) have widely accepted standards of required study or specified attainments in a special knowledge as distinguished from mere skill.

III.D.3.3. Professional Services Scope
Professional service providers are independent contractors retained to provide certain needed services.

The College procures professional services in accordance with applicable Texas Government Code sections, which require that contracts to procure defined professional services may not be awarded on the basis of competitive bids. Instead, these contracts must be awarded on the basis of demonstrated competence and qualifications to perform the services, so long as the professional fees are for a fair and reasonable price. The price must also: (1) be within the budget for the services; (2) not exceed any maximums provided by state law; and (3) be consistent with, and not higher than, recommended practices and fees published by applicable professional associations.

III.D.3.4. Professional Services Term of Service
The Board may engage a professional services provider for a maximum period of five years, excluding legal services. However, the Board retains the right to terminate the engagement at any time upon due notice, which does not exceed 30-day prior notice. A professional service provider currently under contract is eligible to respond to a request for proposal/qualifications for a subsequent term.

III.D.3.5. Legal Services
The Chancellor or General Counsel may approve legal services agreements. The Board must approve legal services that require retainers of $100,000 or more or flat fee legal service agreements of $100,000 or more.

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28 Tex. Gov’t Code § 2254.002, .003(a); Tex. Educ. Code § 44.031(f).
30 Tex. Gov’t Code § 2254.002, .003(a).
Policy Report and Consideration No. 6  (ACTION ITEM 5)  Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.E. Facilities

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.E. Facilities amending and clarifying the College’s policy regarding facilities.

Rationale: The proposed revision of Section III.E. Facilities clarifies funding for repair and replacement projects and oversight of such projects. This revision also clarifies facility maintenance, as required by statute, and facility renovation. Finally, this revision clarifies and condenses the College’s policy regarding naming facilities to recognize donors or distinguished leadership or service. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Jennifer Olenick  832-813-6512
  Mario K. Castillo  832-813-6655
III.E. FACILITIES

III.E.1. Facilities Management

III.E.1.1. Policy
The College builds, purchases, and maintains facilities and other property which require repair, replacement, renovation, and general maintenance. Managing these needs requires fiscal responsibility.

III.E.1.2. Definitions
(a) Emergency/Unforeseen Fund means a reserve set aside for funding emergency or unforeseen repair or replacement projects caused by significant damage to facilities or facility equipment from storms, pipe breaks, or critical equipment failure as allowed by law. Repair and replacement projects with a cost of $50,000 or more require the Chancellor’s written authorization.

(b) Existing Infrastructure Assets means any asset that if not repaired will adversely affect the asset’s value.

(c) President’s Discretionary Fund means a reserve set aside for each college president to use for repairs, replacement, or enhancement of infrastructure at the president’s discretion. This may include, but not be limited to, new equipment installations, landscaping, or furniture.

(d) R&R Fund means a portion of the College’s operating funds known as the Repair and Replacement Fund for Buildings, Grounds, and Equipment. The R&R Fund includes the President’s Discretionary Fund and the Emergency/Unforeseen Fund. The R&R Fund is set aside for the repair or replacement of Existing Infrastructure Assets. This Fund is not used for new installations, equipment maintenance, landscaping, or furniture except for use in conjunction with the President’s Discretionary Fund. The R&R Fund is also used for project costs attributable to changes in governing codes or the American with Disabilities Act. The R&R Fund annually accumulates reserves, subject to funding.

(e) R&R Fund Project List means a list of R&R Projects funded by the R&R Fund.

(f) R&R Project means a repair or replacement project or piece of equipment costing between $10,000 and $250,000.

III.E.1.3. Repair and Replacement
College facilities and other property occasionally require repair or replacement. The College’s Facilities and Construction Division manages repair, replacement, renovation, and general management projects and ensures proper funding for each project. Each fiscal year, the Facilities and Construction Vice Chancellor works closely with individual colleges to develop, prioritize, budget, and implement an R&R Fund Project List. This R&R Fund Project List
includes a pre-approval request for a maximum total annual spend on all R&R Projects and a threshold maximum limit for individual project approvals. The Facilities and Construction Vice Chancellor delivers a monthly report to the Board of Trustees detailing current R&R Project progress.

### III.E.1.4. Facility Maintenance
All College facilities are properly maintained. This includes keeping school buildings in a sanitary condition, well drained, properly ventilated, with an adequate supply of drinking water, providing hand washing facilities, maintaining sewage disposal system, providing a heating system, and providing lighting facilities that conform to established standards of good public health engineering practices.\(^1\)

### III.E.1.5. Facility Renovation
College facilities occasionally require renovation. Renovations include any significant maintenance, repairs, or replacements that deviate from the original or current building, grounds, or equipment design. The College’s Facilities and Construction Division oversees all renovations, including coordinating building code reviews, permitting, and needed professional services. The Facilities and Construction Division also ensures that renovations comply with the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 (“ADA”), and the ADA Amendments Act of 2008 as they apply to the College.

### III.E.1.6. Facility Names
The Board may name a facility, center, or academic program to recognize a donor for generosity to the College or to recognize distinguished leadership or service. A College facility may only be named for a donor whose gift (1) equals the total facility project cost; (2) exceeds 50% of all other combined contributions for the particular facility project; or (3) meets a Board-approved pre-determined gift level for naming opportunities in a facility project naming campaign. In exceptional circumstances, the Board may recognize an individual for distinguished leadership or service to the College over an extended period of time by naming a facility, center, or academic program after that person. The Chancellor may develop procedures for proposing and recommending facility names.

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Policy Report and Consideration No. 7   (ACTION ITEM 6)   Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.F. Fixed Assets

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.F. Fixed Assets amending and clarifying the College’s policy regarding fixed assets.

Rationale: The proposed revision of Section III.F. Fixed Assets clarifies and condenses the College’s policy regarding managing fixed assets, selling, trading, or leasing fixed assets, and releasing fixed assets to employees. This revision also clarifies the College’s policy regarding vehicle maintenance and, in accordance with statute, creates a fleet manager to maintain the College’s vehicle fleet. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Jennifer Olenick 832-813-6512
Mario K. Castillo 832-813-6655
III.F. FIXED ASSETS

III.F.1. Fixed Asset Objectives

III.F.1.1. Policy
The College, through its Board of Trustees, owns Fixed Assets. The College safeguards public assets by ensuring that the College’s Fixed Assets are appropriately managed.

III.F.1.2. Definitions
(a) Fixed Asset means the College’s long-term real or personal property, such as equipment and land, used for College operations.

(b) Fixed Asset Management System means a process designed and maintained by the Fixed Asset Officer to ensure compliance with this policy.

(c) Fixed Asset Officer means the Vice Chancellor for Administration and Finance or designee. This person designs and maintains the Fixed Asset Management System, establishes a capitalization procedure, and periodically inventories Fixed Assets.

(d) Fleet Manager means the Chancellor’s designee who manages the College’s vehicle fleet.

III.F.1.3. Fixed Asset Management System
The Fixed Asset Officer maintains a Fixed Asset Management System that meets the following objectives: (1) complies with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board; (2) complies with federal and state grant regulations; (3) maintains appropriate stewardship of Fixed Assets’ locations and values; (4) maintains preventive maintenance records and warranty information; (5) maintains records for risk management concerns; (6) plans asset replacement or enhancement in the capital budgeting process; (7) avoids unnecessary purchases by identifying assets that can be shared or utilized by other departments; and (8) coordinates disposal of Fixed Assets that become obsolete, depleted, or no longer meet the College’s needs and requirements.

III.F.1.4. Sale, Trade, or Lease of Fixed Assets
The Board of Trustees holds title to all College real or personal property. The Board may sell, trade, or lease College property as detailed in Texas Local Government Code Chapter 272.

III.F.1.5. Releasing Fixed Assets to Employees
As permitted by the Chancellor’s Fixed Asset release procedures, the Fixed Asset Officer may occasionally release certain Fixed Assets (excluding real property) to a College employee for use away from the primary work area. These procedures must incorporate the following

guidelines: (1) equipment must be used for designated and authorized College purposes only; (2) equipment cannot be removed from the premises permanently, but may be temporarily removed for a specific, designated project purpose; (3) individuals are responsible for the safe and proper care of any equipment, taking the same level of professional care as expected on the job site; (4) the employee must obtain supervisors’ permission for each time equipment is removed from the job site, and (5) the approving supervisor is ultimately responsible for maintaining and verifying that any off-site equipment has been inventoried and is properly used. The Fixed Asset Officer is responsible for enforcing the Chancellor’s Fixed Asset release procedures.

III.F.1.6. Vehicle Maintenance
The College owns motor vehicles. The Fleet Manager is responsible for managing and maintaining the College’s vehicles. The Fleet Manager must maintain records evidencing annual state vehicle inspection. The Fleet Manager must also inventory and record the location of each vehicle. The Fleet Manager may delegate this responsibility to individual colleges, but the Fleet Manager is ultimately responsible for this information. If vehicles are purchased with state-appropriated funds, the Fleet Manager may need to implement a Vehicle Management Plan as defined in Texas Government Code Chapter 2171.3

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Policy Report and Consideration No. 8 (ACTION ITEM 7) Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.G. Auxiliary Enterprises

Chancellor's Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.G. Auxiliary Enterprises amending and clarifying the College’s policy regarding auxiliary enterprises.

Rationale: The proposed revision of Section III.G. Auxiliary Enterprises clarifies and condenses the College’s policy regarding non-instructional businesses that the College may operate as auxiliary enterprises, including bookstores, newspapers, or printing services. This revision also addresses restricted funding sources under the Texas Education Code. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Jennifer Olenick 832-813-6512
Mario K. Castillo 832-813-6655
III.G. AUXILIARY ENTERPRISES

III.G.1.1. Policy
The College may provide its students and community with Auxiliary Enterprises consistent with the College’s Mission or as directed by the Texas Higher Education Coordinating Board.

III.G.1.2. Definitions
(a) Auxiliary Enterprise means a non-instructional unit that provides student, faculty, or staff services for a fee—for example, bookstores, food services, newspapers, or printing services.

III.G.1.3. Auxiliary Enterprises Guidelines
The College may provide Auxiliary Enterprises to students, faculty, and staff, if those services (1) satisfy educationally related needs and (2) are an integral part of providing support activities that enhance the College’s public service mission.

Generally, the College cannot provide Auxiliary Enterprises to third parties. The Chancellor may make an exception if providing Auxiliary Enterprises to third parties (1) fulfills the College’s public service mission; (2) is incidental to the College’s educational activities (e.g., concerts, theater performances, or similar activities); (3) consists of recreational, cultural, athletic events, public service radio, or broadcasting; (4) has as its principal purpose improving the relationship between the College and the public; or (5) is an authorized fundraising activity.

III.G.1.4. Funding Auxiliary Enterprises
The College may fund Auxiliary Enterprises unless otherwise restricted by law.¹

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<th><strong>Board Meeting 2-2-17</strong></th>
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<tr>
<td><strong>Request:</strong></td>
<td>Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section III.H. Auditing</td>
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<tr>
<td><strong>Chancellor’s Recommendation:</strong></td>
<td>That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section III.H. Auditing amending and clarifying the College’s policy regarding the College’s external financial audits and internal auditing.</td>
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<tr>
<td><strong>Rationale:</strong></td>
<td>The proposed revision of Section III.H. Auditing clarifies and condenses the College’s policy regarding external financial audits. This revision also clarifies the College’s policy regarding internal audits by adding statutory definitions and clarifying the College’s non-retaliation policy. The Board Policy Review Committee also recommends adoption of this proposed revised section.</td>
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<tr>
<td><strong>Fiscal Impact:</strong></td>
<td>None.</td>
<td></td>
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</table>
| **Resource:**                          | Mario K. Castillo 832-813-6655  
Jennifer Olenick 832-813-6512 |
III.H. AUDITING

III.H.1. External Financial Audits

III.H.1.1. Policy
The College engages an external auditor to conduct an annual external audit to assess whether the College’s financial statements present fairly, in all material respects, the financial position of the College.

III.H.1.2. Definitions
(a) **Annual Audit Report** means a financial audit report prepared by an Independent Auditor for each fiscal year. This report is filed every year with the Texas Higher Education Coordinating Board on or before December 31, following the close of the fiscal year for which the audit was made.\(^1\)

(b) **Independent Auditor** means a Board-approved and -retained external financial audit services firm. The Board engages this firm following a competitive process. The Board may engage this firm for a five-year maximum term, with an option to terminate the engagement at any time with proper notice. The Board evaluates this firm annually. This firm is eligible to respond to a request for qualifications for a subsequent term.

(c) **Government Auditing Standards** means professional auditing standards promulgated by the Comptroller General of the United States.

III.H.1.3. Conducting an External Audit
The Board engages an Independent Auditor to examine and assess the College’s financial statements in accordance with generally accepted auditing standards and Government Auditing Standards. The Independent Auditor also assesses the College’s internal financial reporting controls and compliance with certain provisions of law, regulations, contracts, and grants. The Independent Auditor, in cooperation with, but independent of, the Chief Financial Officer prepares the Annual Audit Report.

III.H.2. Internal Audits

III.H.2.1. Policy
The College’s Internal Audit Department brings a systematic, disciplined approach to evaluating and improving the College’s risk management, control, operational, and governance processes. The Internal Audit Department provides risk-based and objective assurance, advice, and insight.

III.H.2.2. Definitions

(a) **Charter** means a document adopted by the Board outlining the Internal Audit Department’s purpose, authority, and responsibility.

(b) **Internal Auditing** means an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations as defined by the Institute of Internal Auditors. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.

(c) **International Standards for the Professional Practice of Internal Auditing** means statements of basic requirements for the professional practice of internal auditing and for evaluating its effectiveness.

(d) **Government Auditing Standards** means professional auditing standards promulgated by the Comptroller General of the United States.

(e) **Code of Ethics** means the Institute of Internal Auditors’ four principles of integrity, objectivity, confidentiality, and competency.

### III.H.2.3. Purpose, Authority, and Responsibility

The Internal Audit Department voluntarily adheres to the Texas Internal Auditing Act, which incorporates International Standards for the Professional Practice of Internal Auditing and Government Auditing Standards (“the Standards”). The purpose, authority, and responsibility of the Internal Audit Department is defined in its Charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards.

### III.H.3. Reporting and Investigating Dishonesty or Fraud

#### III.H.3.1. Policy

Serious Acts of Dishonesty or Fraud may compromise the College’s mission. The College takes seriously all allegations of trustee, employee, vendor, contractor, consultant, or volunteer dishonesty or fraud. Any such allegations are investigated and may be reported to appropriate authorities.

#### III.H.3.2. Definitions

(a) **Serious Act of Dishonesty or Fraud** means (1) forgery or alteration of a College check, bank draft, or other financial document or account; (2) falsifying time sheets, expense reports, or other report documents; (3) misappropriating funds, securities, supplies, or other assets; (4) improperly handling or reporting money or financial transactions; (5) profiting from insider knowledge of College activities; (6) disclosing confidential or proprietary information to outside parties; (7) accepting or seeking anything of material value from vendors or persons providing the College services or material, except for a perishable group gift less than $50 in value or a vendor-provided seminar or training—any employee attending such a training must have prior appropriate supervisor approval.
and the training must be relevant to their job—including a tuition waiver along with transportation, lodging, and meal expenses for the employee to the extent that the College otherwise would pay for these expenses; (8) destruction or disappearance of records, furniture, fixtures, or equipment; (9) unauthorized conversion, alteration, or tampering with any College record for any purposes; (10) failing to provide financial records required by state or local entities; (11) failure to disclose conflicts of interest as required by law or Board Policy; or (12) any similar or related irregularity.

III.H.3.3. Reporting Fraud
Anyone who suspects or detects a Serious Act of Dishonesty or Fraud must report it immediately. A report can be filed through a secure confidential ethics hotline available at https://secure.ethicspoint.com/domain/media/en/gui/43698/index.html or at the toll free number (855) 233-3143. This hotline is available 24 hours a day, every day of the year.

A report may also be made to the State Auditor’s Office using their website at http://sao.fraud.tx.us. If the College has reasonable cause to believe that Serious Acts of Dishonesty or Fraud, waste, or abuse of state funds may have occurred, such matters will be forwarded to the State Auditor’s Office as required by Texas Government Code, Section 321.022.

III.H.3.4. Internal Supervisor Reporting
Each College supervisor has a duty to know what is considered Serious Act of Dishonesty or Fraud, and establish appropriate operating rules or manuals that will help identify such conduct. Each College supervisor must report this conduct to the Internal Audit Department.

III.H.3.5. Serious Acts of Dishonesty or Fraud Investigation
The College’s Internal Audit Department investigates Serious Acts of Dishonesty or Fraud reports. The Internal Audit Department promptly notifies the Chancellor, college president, General Counsel, and the Chief Financial Officer, if applicable, that such a report has been filed. If any person who would otherwise be notified is a fact witness in the investigation or in any other manner may be potentially implicated or involved in the investigation, that person will not be involved in the investigation’s administrative oversight or reporting line.

If an investigation finds that a Serious Act of Dishonesty or Fraud occurred, the Chancellor reports the findings to the Board. The Chancellor decides, with Board input, (1) whether to report the Serious Act of Dishonesty or Fraud to law enforcement authorities or regulatory agencies, and (2) any appropriate remedial action. Decisions regarding the continuing employment of persons involved in, or who failed to take appropriate action to protect against, Serious Acts of Dishonesty or Fraud, are made in accordance with Board policies regarding discipline and discharge.

III.H.3.6. Confidentiality
Persons may report Serious Acts of Dishonesty or Fraud using confidential information. Investigation results are disclosed to and discussed only with College-associated individuals with a legitimate need to know, in the performance of their job duties and responsibilities.

III.H.3.7. Non-Retaliation
The College may not suspend or terminate the employment of an employee who in good faith reports a violation of law by the College or another public employee to an appropriate law enforcement authority. Moreover, the College prohibits retaliation against any College employee or student for reporting a Serious Act of Dishonesty or Fraud in good faith. However, individuals may face adverse consequences for knowingly making false reports.

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2 Tex. Gov’t Code § 554.002.
Policy Report and Consideration No. 10      (ACTION ITEM 9)      Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.F.8. Change in Contract Status

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section IV.F.8. Change in Contract Status amending and clarifying the College’s policy regarding changes in employee’s contracts.

Rationale: The proposed revision of Section IV.F.8. Change in Contract Status clarifies the dates that employees may receive notice of contract non-renewal. This revision also clarifies that not receiving a change of contract status does not create a property interest or an expectation of continued employment. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Mario K. Castillo  832-813-6655
IV.F.8. Change in Contract Status

IV.F.8.1. Policy
The College has various types of employment contracts with many of its employees. The policy below addresses the modification, extension, and non-renewal of employment contracts in a fair manner that complies with local, state, and federal law.

IV.F.8.2. Definitions
(a) **Change in Contract Status**: A change in contract status occurs when a President, Vice Chancellor, or Chief Area Officer reporting directly to the Chancellor, recommends to the Chancellor a change in a subordinate’s employment contract status. It can also occur when the Chancellor recommends to the Board a change in a direct-report’s employment contract status. Change in contract status can take one of three forms:

1. The return to an annual contract in the subsequent academic year in the case of a faculty member or administrator on a multiple-year contract.

2. The continuation of an annual contract in the subsequent academic year in the case of a faculty member or administrator on an annual contract but who has, since execution of that annual contract, become eligible for a multiple-year contract.

3. The non-renewal of either an annual or multiple-year contract in the subsequent academic year.

(b) **Notice**: Notice of intention to effectuate a change in contract status as defined in the section above shall be given by the Chancellor to a full-time faculty member on or before March 1st preceding the end of the contract term fixed in the current contract—provided the faculty member was employed before March 1st. All other contractual employees may receive this notice as late as May 30. Not receiving this Notice does not create a property interest or an expectation of continued employment beyond the term of the employee’s current contract. This process is not valid in the event that the Board of Trustees takes action for a Reduction in Force.

IV.F.8.3. Appealing a Contractual Change of Status Recommendation
The appeal of a Notice depends on the employee’s position at the time the contractual employee received the Notice.

(a) **Vice Chancellor, President, or Chief Area Officers.**
An employee who has received notice of a proposed change of status will have up to 20 working days to appeal a contractual change of status recommendation made by the Chancellor to the Board of Trustees. The request for an appeal presentation must be made to the Board Liaison.
The affected employee will have 30 minutes to explain his/her basis for why the change in status should not be upheld. The Chancellor will also have 30 minutes to explain the basis for the recommendation. No cross-examination will be permitted by either side, although the Board members may ask questions of the affected employee and the Chancellor. The Board will decide whether to uphold the Chancellor’s recommendation. Such decision will be made at the meeting at which the presentation is made or at a subsequent meeting which has been properly posted in accordance with the Open Meetings Act.

(b) All Other Contractual Employees.
From the date of receipt of the Notice the affected employee will have up to 20 working days to appeal a contractual change of status recommendation to the Office of the Chancellor.

The Chancellor’s review will include a personal meeting with the affected employee and the recommending President, Vice Chancellor, or Chief Area Officer reporting directly to the Chancellor. The President, Vice Chancellor, or Chief Area Officer will have 30 minutes to explain the basis for the initial recommendation and provide any documentation.

The affected employee will then have 30 minutes to explain his/her basis for why the change in contract status should not be upheld by the Chancellor and will also have the opportunity to provide supporting documentation. Neither the supervisor, nor the affected employee, may cross-examine or question each other during their respective 30 minutes.

The Chancellor will notify the affected employee no later than 15 working days following receipt of the appeal of the Notice. The employee may directly appeal to the Board if the employee alleges a Procedural Irregularity of this Section’s processes as allowed by Section IV.F.10.6. The Chancellor will forward to the Board of Trustees all accepted recommendations and recommendations not appealed.

The process permitted by this policy constitutes a grievance for purposes of Texas Education Code Section 51.960.
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<tr>
<td><strong>Request:</strong> Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.F.10. Employee Grievance and Review Process</td>
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<tr>
<td><strong>Chancellor’s Recommendation:</strong> That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section IV.F.10. Employee Grievance and Review Process amending and clarifying the College’s policy regarding the employee grievance process.</td>
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<td><strong>Rationale:</strong> The proposed revision of Section IV.F.10. Employee Grievance and Review Process defines and clarifies Procedural Irregularity. This revision also proposes adding a Board subcommittee, which reviews and recommends whether an employee’s grievance should be heard by the Board of Trustees. The Board Policy Review Committee recommends adoption of this proposed revised section.</td>
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<td><strong>Fiscal Impact:</strong> None.</td>
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<tr>
<td><strong>Resource:</strong> Mario K. Castillo</td>
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<td>832-813-6655</td>
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IV.F.10. Employee Grievance and Review Process

IV.F.10.01 Policy
This policy establishes a fair and uniform process for resolving employee grievances that exceeds state and federal laws. Employees who use this process may do so without facing discrimination or retaliation. This policy nurtures an employee culture that values and respects all employees by encouraging early collaboration and resolution of employee concerns.

IV.F.10.02 Definitions
(a) Grievant. Grievant means the employee who initiates the procedures set forth in this policy.

(b) Procedural Irregularity. Procedural Irregularity means not following the processes described in the following Board policies: Employee Grievance and Review Process, Change in Contract Status, or Contractual Termination Notice and Appeal, whichever process is applicable to the employee’s allegation. Procedural Irregularity does not include an allegation that the Chancellor’s Procedures were not followed. Procedural Irregularity also does not include an allegation that these processes were not followed if the alleged violation was cured or if the alleged violation did not have an adverse effect on the Chancellor’s decision.

(c) Working Days. Working days means the College’s business days. In calculating timelines under this policy, the day a document is filed is “day zero.” The following business day is “day one.”

IV.F.10.03. Who May Bring A Grievance
Individual employees may submit grievances on behalf of themselves or multiple affected employees as an associational grievance.

IV.F.10.04 Serial Grievances
A grievant may not submit separate or serial grievances regarding the same issue. This includes grievances brought under another policy or procedure.

IV.F.10.05 Exclusions
The following concerns are not subject to this grievance policy and are addressed in other policies:

(a) Termination of contractual employees. See Policy IV.F.10.13.

(b) Change in contract status. See Policy IV.F.8.03.
(c) Employee performance evaluations—before exhaustion of the procedure set out in Policy IV.F.7.09. Applicable time limits set forth in this grievance policy begin to run on the date that Policy IV.F.7.09 is exhausted.

(d) Allegations of discrimination, harassment, and retaliation, except for allegations of retaliation for filing or participating in a non-discrimination or harassment grievance. That procedure is in Section IV.F. of this policy manual. An employee disciplined following an investigation may use this policy to challenge the disciplinary action.

(e) Reduction in Force Terminations. See Policy IV.F.12.01.

(f) Challenges to ownership of intellectual property before exhaustion of the procedure set out in Policy IV.D.9.05. The time limits set forth in IV.F.10.09 begin on the date the procedure set out in Policy IV.D.9.05 has been exhausted.

IV.F.10.06 Appeal to the Board for Certain Alleged Policy Violations
An employee may appeal the Chancellor’s decision to the Board of Trustees if the employee alleges a Procedural Irregularity. The policy section applicable to the challenged decision must directly reference this section for the decision to be appealable to the Board. The following policy sections currently directly reference this section: (1) Employee Grievance and Review Process, (2) Change of Contract Status, and (3) Contractual Termination Notice and Appeal.

If no Board appeal is available or the Board declines to hear an appeal, the grievant may present the grievance during the Citizen Participation portion of a Board meeting in accordance with Board Policy I.E.1.43.

IV.F.10.07 Right to Representation
At all informal or formal grievance or appeal levels, the grievant and/or the administration may be represented, including by legal counsel, provided that the selected representative does not claim the right to strike. The College will not pay any fees or expenses for the grievant’s representation. The grievance and appeal conferences held at all levels of the grievance process are informal conferences and no cross-examination of any person who attends the conference is allowed. The College’s administrator handling the conference may ask questions to get information to help in reaching a decision. The grievant’s representative may assist the grievant.

IV.F.10.08 Informal Resolution
The Board encourages employees to discuss their concerns, complaints, and grievances through informal conferences with their supervisor or other appropriate administrator. Concerns should be expressed as soon as possible to allow early resolution at the lowest possible administrative level. An employee or group of employees who has a concern or grievance shall participate in an alternative dispute resolution process in an attempt to resolve
the concern prior to presenting a formal grievance. Employees will be provided information on the alternative dispute resolution processes available. If the concern is not resolved by participating in such an informal resolution process, the employee can use the formal grievance process described below.

IV.F.10.09 Presentation of Formal Grievance
An employee who has a concern that has not been resolved through participation in the informal resolution process may file a formal grievance. Campus employees must file their grievance with their supervisory campus vice president. System Office employees must file their grievance with their respective associate vice chancellor or chief area officer. For assistance in determining to whom a formal grievance must be presented, a copy of the College’s current organizational chart can be found at http://org.lonestar.edu/orgchart/LSCS-Internal030115.htm.

The initial grievance must be filed with the grievant’s respective supervisor identified in the prior paragraph within 15 working days from the event, occurrence, or conclusion of the informal resolution process, whichever is later. Only in extraordinary circumstances will the respective supervisor consider exceptions to the 15 working day limit. The grievance must be made in writing and must include all supporting documentation the grievant wants considered. The grievant will be allowed to submit additional information in response to any information collected and relied upon by the vice president or associate vice chancellor/chief area officer. The Chancellor will be notified when a formal grievance has been filed.

The vice president or associate vice chancellor/chief area officer must confirm in writing receipt of the grievance within three working days. A grievance conference must be held within ten working days of receipt of the grievance. A decision must be rendered by the vice president or associate vice chancellor/chief area officer within five working days after the grievance conference. The written decision shall set forth the basis of the decision and any additional information or documents obtained after the grievance conference. In reaching a decision, the vice president or associate vice chancellor/chief area officer may consider the information presented at the grievance conference, and any other relevant documents or information he/she believes will help resolve the complaint.

The timelines set out above may be extended by mutual consent of the parties.

IV.F.10.10 First Level Appeal
In the event that the grievance has not been resolved or the timeframe has elapsed without the grievance being addressed or a decision rendered, the grievant may present the grievance to the college president or, for System office grievants, their vice chancellor in the form of a written appeal. A written appeal must be presented within ten (10) working days from receipt of the vice president or associate vice chancellor/chief area officer’s decision. It is the responsibility of the grievant to initiate the appeal and to provide to the president or vice chancellor all documentation, including any correspondence about the grievance with the vice
president or associate vice chancellor/chief area officer, and the vice president or associate vice chancellor/chief area officer’s decision. The employee may submit additional information in response to any information collected and relied upon by the vice president or associate vice chancellor/chief area officer.

Within three (3) working days of receiving the appeal, the president/vice chancellor must confirm receipt of the grievance and provide a brief summary of the grievance to the Chancellor who will then immediately forward the summary to each member of the Board’s Grievance Committee. A grievance appeal conference must be held within ten (10) working days of receipt of the grievance. A written decision must be rendered by the president/vice chancellor within five (5) working days after the grievance appeal conference. The written decision shall set forth the basis of the decision and any additional information or documents obtained after the appeal conference.

In reaching a decision, the president/vice chancellor may consider the information presented at the grievance conference, and any other relevant documents or information the president/vice chancellor believes will help resolve the complaint.

The timelines set out above may be extended by mutual written consent of the parties.

IV.F.10.11 Second Level Appeal
In the event that the grievance has not been resolved or the timeframe has elapsed without the grievance being addressed or a decision rendered, the grievant may present the grievance to the Chancellor in the form of a written appeal. A written appeal must be presented within ten (10) working days from receipt of the president/vice chancellor’s decision. It is the responsibility of the grievant to initiate the appeal and to provide all documentation, including any correspondence with the president or vice-chancellor and the president or vice chancellor’s decision to the Chancellor or his/her designee. The grievant may submit additional information in response to any information collected and relied upon by the president or vice chancellor.

The Chancellor, or his/her designee, must confirm receipt of the grievance within three (3) working days and provide a brief summary of the grievance to each member of the Board’s Grievance Committee. A Second Level Appeal conference must be held within ten (10) working days of receipt of the grievance. A decision must be rendered by the Chancellor, or his/her designee, within five (5) working days of the Second Level Appeal conference. The written decision shall set forth the basis of the decision, and any additional information or documentation obtained after the Second Level Appeal conference. In reaching a decision, the Chancellor, or his/her designee, may consider the information presented at the Second Level Appeal conference, and any other relevant documents or information the Chancellor or designee believes will help resolve the grievance. The grievant shall be given three (3) days to respond to any documents or information considered by the Chancellor or his or her designee not previously provided to the grievant. If the Chancellor chooses a designee to
consider the grievance, the designee may not be a supervisor of the grievant and may not have been involved in the grievance prior to designation by the Chancellor.

The timelines set out above may be extended by mutual written consent of the parties.

IV.F.10.12 Appeal to the Board

If the grievance is still unresolved and the employee alleges a Procedural Irregularity, as defined above, the grievance may be appealed to the Board of Trustees. An Appeal to the Board must be made in writing and must be received in the Chancellor’s office no later than ten (10) working days of receipt of the Chancellor’s, or his/her designee’s, decision and must be accompanied by applicable references to the policy manual or the portion(s) of the Grievance policy that are alleged to have been violated. It is the responsibility of the grievant to initiate the appeal to the Board and to provide all documentation to the Board, including any correspondence with the prior administrators who heard the grievance at the various levels and those administrators’ decisions.

The Chancellor’s office shall acknowledge receipt of the appeal and shall forward a copy to each Board member, along with all accompanying documentation, within five (5) working days of the appeal being received in the System Office.

The Board may consider the grievance, in accordance with the Open Meetings Act, at a Board meeting scheduled to occur at least 15 working days after the appeal to the Board is received in the System Office. The Board will designate a subcommittee to make recommendations to the full Board regarding whether it should hear a grievance. The Board’s decision regarding whether to consider the grievance is made in open session.

If the Board decides to hear the Appeal, it shall set a reasonable time limit for presenting the Appeal to the Board, based on the information presented to the Board and allocating equal time to the grievant and the College. Appeals to the Board will be heard in closed session, unless the grievant specifically elects to have it heard in open session. Regardless of the grievant’s election to have the appeal heard in open session, if the grievance is against another employee, that other employee may elect to have the appeal heard in closed session.

The Board may make a decision, but is not required to do so. If the Board does not make a decision or if the Board does not hear the Appeal, the decision of the Chancellor, or his/her designee, is upheld. If the Board elects to render a decision, the decision will be announced orally before the meeting adjourns and a written decision will be mailed to the employee and the Chancellor within 30 calendar days.
<table>
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<tr>
<th><strong>Policy Report and Consideration No. 12</strong></th>
<th>(ACTION ITEM 11)</th>
<th><strong>Board Meeting 2-2-17</strong></th>
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**Request:** Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section IV.F.10.13. Contractual Termination Notice and Appeal

**Chancellor’s Recommendation:** That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section IV.F.10.13. Contractual Termination Notice and Appeal amending and clarifying the College’s policy regarding terminating employee contracts.

**Rationale:** The proposed revision of Section IV.F.10.13. Contractual Termination Notice and Appeal clarifies that this policy covers employees with current employment contracts only. This revision also clarifies whether the Chancellor’s decision ending an employee’s contract is final pending any Board appeal. The Board Policy Review Committee also recommends adoption of this proposed revised section.

**Fiscal Impact:** None.

**Resource:** Mario K. Castillo  
832-813-6655
IV.F.10.13. Contractual Termination Notice and Appeal

An employment contract with the College creates a property interest in the position solely for the contract’s period of time. A contractual employee recommended for termination during a contract term is entitled to a pre-termination notice and pre-termination appeal under this policy. If during the process, however, an employee’s contract expires, the employee loses their property interest and this process ceases immediately. This process applies only to employees with signed and unexpired employment contracts.

(a) Pre-termination Notice: A contractual employee’s supervising President, Vice-Chancellor, or Chief Area Officer reporting directly to the Chancellor, must deliver a Notice of Forthcoming Termination providing notice of the charges raised against the employee, the nature of the evidence supporting those charges, and an opportunity for the employee to respond in writing.

Or in the case of a President, Vice Chancellor, or Chief Area Officer reporting directly to the Chancellor, if the Chancellor intends to propose the termination of a contractual employee who is a direct report to the Chancellor the Chancellor will deliver a Notice of Forthcoming Termination providing notice of the charges raised against the employee, the nature of the evidence supporting those charges, and an opportunity for the employee to respond in writing. The contractual employee shall have five working days to respond to the Notice of Forthcoming Termination before it is converted to a Notice of Recommended Termination. If an employee has not already been placed on administrative leave, the Notice of Recommended Termination shall also automatically place the employee on administrative leave during the pendency of any appeal.

Either category of contractual employee shall have five working days to respond to the Notice of Forthcoming Termination before it is converted to a Notice of Recommended Termination. If an employee has not already been placed on administrative leave, the Notice of Recommended Termination shall also automatically place the employee on administrative leave during the pendency of any appeal. If no appeal is filed, the Notice of Recommended Termination will automatically become a Notice of Termination on the 16th day following receipt of the Notice of Recommended Termination. The Board of Trustees delegates to the Chancellor the authority to terminate an employee’s employment in such a situation.

(b) Pre-termination Appeal: That contractual employee has the right to request a hearing once his or her supervisor delivers a written Notice of Recommended Termination. That contractual employee must file a written request with the Chancellor within 15 working days after receiving that Notice of Recommended Termination. The written request for an appeal must specify whether the employee elects a representative. A contractual employee
may elect to use legal representation during a pre-termination proceeding in the notice phase or in the appeal phase. The contractual employee is responsible for the costs of such representation.

1. **Appeal**: The contractual employee will have an opportunity to present evidence before the Chancellor alleging the termination is without cause, and/or would violate state or federal law. The Board of Trustees will hear any appeal from a President, Vice Chancellor, or Chief Area Officer. Every reference to “the Chancellor” below, as it relates to a President, Vice Chancellor, or Chief Area Officer should be interpreted to mean “the Board of Trustees” when the contractual employee being recommended for termination is a President, Vice Chancellor, or Chief Area Officer reporting directly to the Chancellor at the time of the Chancellor’s recommended termination. Likewise, every reference to the President, Vice Chancellor, or Chief Area Officer below should be interpreted to mean the Chancellor when the subject contractual employee is a President, Vice Chancellor or Chief Area Officer reporting directly to the Chancellor.

2. **Hearing Date**: A hearing shall take place within thirty (30) working days after the employee files a written request for such hearing with the Chancellor.

3. **Hearing Records**: The employee and the employee’s President, Vice-Chancellor, or Chief Area Officer reporting to the Chancellor, will submit to the Chancellor a statement identifying their concerns in employee’s continued employment. If the employee chooses to present witnesses at the pre-termination appeal hearing, then the employee may present individual witnesses during the hearing and copies of all documentation relied upon and in support of their position. At least ten (10) working days prior to the hearing, both the employee and the employee’s President, Vice-Chancellor, or Chief Area Officer shall furnish at least three copies of the hearing records, the names of witnesses, and name of any representative, to the Chancellor. The Chancellor will review only the hearing records submitted by the employee and his or her President, Vice Chancellor, or Chief Area Officer reporting directly to the Chancellor, and upon convening the hearing, invite responses to certain questions in order to reach a decision.

4. **Time Allocation**: Both the employee and the employee’s President, Vice Chancellor, or Chief Area Officer reporting to the Chancellor, recommending the termination will each have no more than thirty (30) minutes to present to the Chancellor. During the 30 minutes, the employee and the recommending supervisor may present their respective positions regarding the termination recommendation, including
presentation of witnesses. This process does not provide for any cross- examination of the witnesses, or questioning of the employee and/or employee’s supervisor, or designee, from the other party or his or her representatives. The Chancellor will have thirty (30) minutes in which to question the parties present at the hearing, including witnesses.

5. **Decision**: The Chancellor will make a decision within fifteen (15) working days of the hearing. The decision of the Chancellor shall be final. An employee may appeal the Chancellor’s final decision if the employee alleges a Procedural Irregularity of this policy section, as defined in the Grievance and Review Process, and as allowed by Section.IV.F.10.06

6. **Representation**: The employee may choose to have a representative at the hearing. The employee shall bear his or her own costs of any such representation.

7. **Notice of Representation**: The employee or his or her representative, including the legal representative, must provide at least ten (10) working days’ notice of such representation prior to any hearing under this section. The College’s General Counsel or a designee must be present at the hearing.

8. **Prohibition on Using College Resources**: The employee and his or her Representative, including the legal representative, shall not meet during the employee’s working hours when preparing for the employee’s pre-termination notice response or hearing and shall not use the College’s resources when preparing for either.

9. **Modification**: The Chancellor and his or her designee may modify the pre-termination hearing procedures upon written notice to the requesting employee and prior to the Hearing Date. The Chancellor’s modification is not a “Procedural Irregularity.”

**IV.F.10.14. Timeliness**
The time limits, as provided in the Employee Grievance and Review Process and the Contractual Termination and Notice and Appeal policies are created in order to ensure that issues are raised and addressed promptly. Timelines for the filing of and response to appeals under these policies may be extended by the mutual agreement of the employee and the Chancellor’s Office. An appeal shall be considered resolved at the completion of any step, if all parties are satisfied or if neither party files a timely appeal to the next step.
The process permitted by these policies constitutes a grievance for purposes of Texas Education Code Section 51.960.
Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Section V. Instruction

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section V. Instruction amending and clarifying the College’s policy regarding instruction.

Rationale: The proposed revision of Section V. Instruction clarifies, for example, academic freedom, curriculum design policy, academic travel, and academic achievement. This revision also establishes a process to address academic misconduct. The Board Policy Review Committee recommends adoption of this proposed revised section.

Fiscal Impact: None.

Resource: Mario K. Castillo 832-813-6655
Alicia Harvey-Smith 832-813-6648
SECTION V – INSTRUCTION

V.A. TRADITIONAL INSTRUCTIONAL PROGRAMS AND CURRICULUM

V.A.1. Curriculum Design Policy
The Board shall finance, provide, and supervise educational programs consistent with the College’s policies. The Chancellor shall establish procedures for the development, approval, and revision of instructional courses and programs the College offers to ensure their quality, community responsiveness, and compliance with appropriate accrediting, articulation, and regulatory standards. The following guidelines are for our college credit bearing courses and programs.

(a) Academic Calendar. The Board annually adopts the College’s official calendar, recommended by the Chancellor, while complying with the Texas Higher Education Coordinating Board’s (THECB) policies, regulations, and standards.

(b) Annual Course List. The Board biannually submits a comprehensive core curriculum list and any proposed course or program inventory changes for each college to the THECB. The list includes a description of the content, scope, and prerequisites of all the College’s proposed courses for the forthcoming academic year. All changes in course and program offerings shall be submitted on dates designated by the THECB.

(c) Minimum Course Length. The College’s Board of Trustees sets the minimum course length for the College’s courses under the following schedule:

1. Traditionally-delivered three-semester-credit-hour courses should contain 15 weeks of instruction (45 contact hours) plus a week for final examinations so that such a course contains 45 to 48 contact hours depending on whether there is a final exam. Some traditional workforce courses contain 80 contact hours.

2. Every college course is assumed to involve a significant amount of non-contact hour time for out-of-class student learning and reflection. To ensure the quality of student learning, institutions should not allow students to carry more courses in any term (that is, regular or shortened semester), which would allow them to earn more than one semester credit hour per week over the course of the term. For example, in a five-and-a half week summer term, students should not generally be allowed to enroll for more than six semester credit hours.

3. Institutions should have a formal written policy for addressing any exceptions to number two above.
4. Courses delivered in shortened semesters are expected to have the same number of contact hours and the same requirement for out-of-class learning as courses taught in a normal semester.

5. Institutions may offer a course in a non-traditional way (for example, over the internet, or through a shortened, intensive format) that does not meet these contact hour requirements, if the course has been reviewed and approved through a formal, institutional faculty review process that evaluates the course and its learning outcomes and determines that the course does, in fact, have equivalent learning outcomes to an equivalent, traditionally delivered course.\(^1\)

(d) Required Approval Before Curriculum Changes. Employees responsible for initiating, reviewing, approving, or allocating resources to make changes in any of the College’s programs or activities, whether credit or non-credit, are expected to remain knowledgeable of current rules and requirements. Individuals involved in proposing and implementing substantive changes are required to coordinate their efforts with the Chancellor’s Cabinet and the SACS-COC Liaison. Notification of substantive changes will be submitted to, and approved by, accrediting or approval agencies prior to implementation of the changes.

V.A.2. Definitions
(a) Component Area means subject areas comprising the core curriculum. The College’s component areas include: communications, mathematics, life and physical sciences, creative arts, language, philosophy and culture, history, government, and social or behavioral sciences.

(b) Core Curriculum means the curriculum in liberal arts, humanities, sciences, and political, social and cultural history that all undergraduate students of an institution of higher education are required to complete before receiving an academic undergraduate degree. The College has a core curriculum of 42 semester credit hours—including specific courses comprising the curriculum. The core curriculum is consistent with the common course numbering system approved by the THECB and with the statements, recommendations, and rules the THECB issued.

(c) Field of Study Curriculum means a set of courses that will satisfy the lower division requirements for a bachelor’s degree in a specific academic area at a general academic teaching institution.

V.A.3. General Core and Field-of-Study Curriculum Policy
The College reviews its core curriculum and applicable field of study curricula at intervals specified by the THECB and reports the results to the THECB. The evaluation criteria are specified by the THECB. The College must submit a Core Curricula Evaluation Report according to the timelines and criteria established by the THECB.

\(^1\) 19 Tex. Admin. Code § 4.6
V.A.4. Specific Curriculum Design Policies

(a) State Funding. No funds appropriated to the College shall be expended for any program which has not been approved by the Commissioner or the Assistant Commissioner for Academic Affairs and Research, or, when applicable, by the Texas Higher Education Coordinating Board.

(b) Military and Naval Training. The Board may request the United States Department of Defense to establish and maintain courses in military and naval training, qualifying graduates of the courses for Reserve Commission awards, as part of its curriculum. The Board may enter into mutually agreeable contracts for that purpose. The work of the students enrolling in the courses may be credited toward degree requirements under regulations prescribed by the Board.

(c) Health Occupation, Counseling, and Social Work Courses. The curricula of medical, dental, nursing, allied health, counseling, and social work degree or certificate programs shall:

1. include information about methods of transmission and methods of prevention of HIV infection, and information about federal and state laws, rules and regulations concerning HIV infection and AIDS.

2. give special attention to the physical, emotional, and psychological stress associated with the care of patients with terminal illnesses.

(d) Adult Education and Literacy Special Program Requirements. The College will provide adult basic education programs in accordance with state statute and regulations and standards formulated by the State Board of Education.

(e) Continuing Education Special Program Requirements. The Chancellor shall ensure that the College offers a comprehensive program of continuing education opportunities for the College’s community. The Chancellor shall further ensure that the programs are appropriate to the College’s mission, accessible to its community members, and comply with THECB requirements.

(f) Contract training. The chancellor shall ensure that the college offers a mechanism for the College to offer customized courses to incumbent workers where the company pays the cost of customization.
(g) **Disadvantaged Students.** The College may develop programs to serve persons from backgrounds of economic or educational deprivation, by submitting to the THECB a plan based on the following criteria:

1. An instructional program that accommodates the different learning rates of students, and compensates for prior economic and educational deprivation.

2. An unrestricted admissions policy, allowing the enrollment of any person eighteen years of age or older, with a high school diploma or its equivalent, who can be reasonably expected to benefit from instruction.

3. The assurance that all students, regardless of their differing programs of study, shall be considered, known and recognized as full members of the student body, provided that the administrative officers of a community college may deny admission to a prospective student, or attendance to an enrolled student if, in their judgment, the student would not be competent to benefit from the College’s programs, or would, by his or her presence or conduct, create a disruptive atmosphere within the College not consistent with the statutory purposes of the College.

4. The submission of a plan for a financial aid program, which removes to the maximum extent possible, the financial barriers to the educational aspirations of the citizens of the state. At times this may include Texas state grant funded scholarships to students.

5. An annual evaluation report based on scientific methods, and utilizing control groups, wherever possible, to be submitted to the THECB at the end of each school year, covering each remedial compensatory course or program offered by the College. Any other criteria consistent with the provisions specified by the THECB.

V.A.5. **Degrees & Certificate and Degree & Certificate Plans**

Requirements for all degree and certificate programs the College offers shall be reflected in the College’s annual course catalog, and shall comply with all THECB requirements and regulations and other required accrediting agencies.

(a) **General Degree Requirements.** Within five years of initial enrollment in credit courses at the College’s member colleges, a student may graduate according to the catalog in effect at the time of first enrollment, or any subsequent catalog, provided that the requisite courses are still being offered. If a student fails to complete within five years all requirements of the catalog in effect at the time of initial enrollment, the student shall be required to graduate under a catalog not older than five years. Exception to this requirement may be approved by extenuating circumstances.

(b) **Developmental Courses.** Courses designated as developmental in the Academic Course Guide Manual may not be used to satisfy degree requirements. Such courses may be used as co-requisites or prerequisites for degree courses as determined by the College.
V.A.6. Dual Credit
The College offers students in high schools within its service area the opportunity to take dual credit courses. Dual credit courses are courses for which students receive college credit and high school credit while still enrolled in high school or homeschooling. Students may enroll in academic education, workforce education, or both. The curriculum content and rigor of dual credit courses are equivalent to the college course standards and requirements. The faculty must meet the same SACSCOC qualifications as non-dual credit courses and programs. See the College’s annual course catalog for current tuition and fee information. Students and parents should also consider that although these courses are taught to high school students, the College will treat these dual-credit students as college students when enrolled in college courses—regardless of the individual student’s age.

V.A.7. Early College, High School, and Middle School
THECB Rule 4.154 requires that “any public college or university that participates in the creation of an ECHS/MC shall notify the [THECB] in accordance with provisions and schedules determined by the Commissioner.”

V.A.8. Instructional Arrangements
State funding shall be provided for lower-division level general academic courses provided by the College if such courses are (1) listed in the Academic Course Catalog or (2) have been reviewed by the THECB staff and have been approved in accordance with the unique need provision and are consistent with the Texas Common Course Numbering System.

(a) Instructional Departments. The Chancellor shall, upon recommendation by the President, establish the organizational structure of each college.

(b) Class Size. The College shall establish class size guidelines under Chancellor’s Procedures.

(c) Course Load and Schedules. Each college within the College shall comply with the uniform final dates, counted from the first day of an academic semester or term, for adding or dropping a course, established by the THECB. Course drops are limited. Please check with any System College for specific requirements. A student may not enroll in a course after a uniform final date for adding a course.

V.B. ONLINE INSTRUCTIONAL PROGRAMS AND CURRICULUM

V.B.1. Online Courses Policy
The College may offer a LSC-Online course approved by the THECB with no in-state geographic restrictions if the course is within the College’s approved curriculum. The College’s LSC-Online Program will comply with all THECB conditions and requirements as well as those established by accrediting agencies.
V.B.2. Definitions
(a) LSC-Online Course means instruction in which the majority of the instruction occurs when the students and instructor are not in the same physical setting. For THECB reporting purposes, a class is considered an LSC-Online class if students receive more than one-half of the instruction at a different location than the instructor. The College’s LSC-Online program includes online and hybrid instruction which are clarified in the credit schedules and on the LSC-Online website. Online advisors advise only fully-online students in courses that are 100% online. Instruction may be synchronous or asynchronous, delivered to any single or multiple location(s) through electronic, correspondence, or other means outside the boundaries of the taxing authority of the College, or via instructional telecommunications to any other distance location.

V.B.3. LSC-Online Standards
LSC-Online instruction is comparable to on-campus instruction and meets all of the quality standards which the College provides through on-campus instruction.

LSC-Online courses offered through either college credit or Continuing Education Units (CEUs) are provided in accordance with the standards of the Commission on Colleges of the Southern Association of Colleges and Schools (SACS), the THECB rules and regulations, the Guidelines for Institutional Reports for Distance Education and Off-Campus Instruction and other accrediting bodies as appropriate.

Students enrolled in LSC-Online must satisfy the same requirements for admission to the institution, to the program of which the course is a part, and to the class/section, as are required of on-campus students. Faculty providing LSC-Online instruction are selected and evaluated by the same standards, review, and approval procedures used to select and assess faculty responsible for on-campus instruction. The College provides training and support to enhance the added skills required of faculty teaching classes via instructional technology.

The instructor of record is responsible for the delivery of instruction and evaluation of student progress. LSC-Online instruction is administered under the authority of the same office or person administering the corresponding on-campus instruction.

V.B.4. LSC-Online Strategic Plan
LSC-Online will develop a strategic plan including applications of instructional technology as well as guidelines for supporting online faculty and advising students. The plan will be developed in alignment with the College’s Strategic Plan, according to requirements specified by the THECB and the College.

V.B.5. Institutional Report for LSC-Online
Prior to offering any LSC-Online, off-campus, or on-campus extension courses or programs for the first time, the College shall submit its Institutional Report for LSC-Online, and Off-
Campus and On-Campus Extension Instruction to the THECB for approval. The Report, and any updated Reports, shall conform to THECB guidelines and criteria of the Commission on Colleges of the Southern Association of Colleges and Schools in effect at the time of the Report’s approval. The College’s academic and administrative policies shall reflect a commitment to maintain the quality of LSC-Online, off-campus, and on-campus extension courses and programs in accordance with the provisions of 19 TAC Chapter 4, Subchapter E.

V.B.6. Out-of-State or Out-of-Country Courses
The College will not submit LSC-Online courses delivered outside the state to non-Texas residents for formula funding. The College will report fees received for extension and out-of-state/country courses in accordance with general institutional accounting practices.

V.B.7. Reporting to Commissioner
The College will report enrollments, courses, and graduates associated with extension offerings to the Commissioner as required by the THECB.

V.C. ACADEMIC ACHIEVEMENT

V.C.1. Texas Success Initiative (TSI)
The College assesses the academic skills of each entering student to determine the student’s readiness to enroll in freshman-level academic coursework before the student enrolls. That assessment must be made through a state-approved instrument (i.e., test). The College is committed to ensuring that students have the reading, writing, and mathematical skills required to be successful in college level classes. Therefore, most college level courses have required pre- or co-requisites that a student must meet prior to enrolling in the course.

The College will provide the student with pre-assessment activity or activities that stress the importance of the assessment on the student’s academic career before administering the assessment. The activity or activities will also detail the assessment processes and its components, development or preparatory educational options, and institutional and community resources for students. The assessment’s results must meet the state-approved minimum passing standards to enroll in freshman-level academic coursework. The College will provide advising regarding available developmental education to equip the student in performing freshman-level academic coursework to students that fail the state-approved minimum passing requirements.

(a) Exceptions. The College may permit a student to enroll in freshman-level academic coursework without assessment under exceptional circumstances. The College will require the student to be assessed no later than the end of the first semester of enrollment in freshman-level academic coursework or by the completion of a level 1 certificate in a workforce program. Exemptions/exceptions from the requirements of the Texas Success Initiative will follow applicable Texas law and implementing regulations.
(b) **The College Determines College Readiness.** The College determines when a student is ready to perform freshman-level academic coursework using developmental education coursework and/or intervention learning outcomes developed by the THECB based on the Texas College and Career Readiness Standards and the student’s performance on the appropriate assessment(s).

V.C.2. Prior Learning Assessment (PLA) Credit
Students may obtain Prior Learning Assessment credit. Approved methods include the Achievement Test (ACT); College Level Examination Program (CLEP); International Baccalaureate (IB) Diploma, American Council on Education equivalency guides including military; Advanced Placement Program by the College Board; high school articulation agreements; the College’s challenge examinations, portfolio reviews, skill performance examinations, and industry certification and licensure.

V.C.3 Program Continuity
The Chancellor will develop Chancellor’s Procedures to ensure that students experience reasonable program continuity from college to college, campus to campus, and center to center regarding curriculum, instructional resources, program requirements, and learning outcomes.

V.C.4. Grading
The Chancellor must maintain procedures that ensure fair and timely grade assignment that appropriate reflect student mastery. The Chancellor’s Procedures regarding grades will include academic appeals for challenging assigned grades. The Chancellor’s Procedures will also protect student privacy rights regarding grades and other educational records. The Chancellor will ensure that the College provides students with effective support programs—including academic advising, counseling services, skills assessment and placement, career development, financial aid, student enrollment services, and support services for students with special needs.

V.C.5. Excused Absences for Military Service
The College shall excuse a student required to participate in active military service from attending classes, taking exams, or engaging in other required academic activities. The College will not penalize a student for an absence under this subsection except that the maximum period for which a student may be excused under this subsection shall be no more than 25 percent of the total number of class meetings or the contact hour equivalent (not including the final examination period) for the specific course or courses in which the student was currently enrolled before the period of active military service.

The College will otherwise allow the student to complete an assignment, take an exam, or engage in other required activities within a reasonable time (end of the next long semester) after the student’s excused absence. The same deadline applies to LSC-Online, self-paced, correspondence, or any other form of asynchronous instruction. The College will also retain
the student’s course work completed before the student was called to active military service and subject the student to the same syllabus or instructional plan when the student returns. The Chancellor will create procedures for returning students that fail to complete assignments (within end of the next long semester) after their return.

V.C.6. Library Record Privacy
The circulation records identifying the names of library users with specific materials are confidential to the extent permitted by law. Such information will be released to other individuals only with the patron’s written permission. The College may join the TexShare Library consortium established and maintained by the Texas State Library and Archives Commission without violating this policy.

V.C.7. Commencement Ceremony (Graduation)
The College will hold an annual commencement ceremony at the close of the spring semester and other times as appropriate. Students who complete degree or certificate requirements during the prior fall, current spring, or following summer sessions are invited to participate in the commencement exercises. Students who pass all components of the GED test will participate in a separate graduation ceremony.

V.C.8. Credit Transfer
The College is an open enrollment two-year community college. The College intends to provide a smooth transition between enrollment in other institutions and enrolling in the College. Similarly, the College intends to provide a smooth transition for students that enroll in subsequent higher education institutions.

(a) Publishing Course-Credit Transfer Guidelines. The College publishes course-credit transfer guidelines in its course catalog and on its website. The College identifies courses by using the THECB’s common course numbering system. The College identifies core courses on student transcripts as the Texas Association of Registrars and Admissions Officers recommends.

(b) Transferring Core Curriculum. Students successfully completing the 42-hour core curriculum at an institution of higher education may transfer those courses to any other institution of higher education. The receiving institution must substitute its core curriculum with that from the transferring student’s sending institution. A transferring student must receive academic credit for transferred courses, and the College cannot require additional core curriculum courses unless the THECB has approved a larger core curriculum. Nevertheless, each student transferring into a new institution should be aware that a receiving institution is not required to accept component core course credit hours beyond the maximum specified in the receiving institution’s core component area.
(c) **Transferring Field-of-Study Curriculum.** Students successfully completing a THECB-approved field-of-study curriculum may transfer those courses to a general academic teaching institution. The receiving institution substitutes those courses for the institution’s lower division requirements for the degree program in the field of study into which the student transfers. The student receives full academic credit toward the degree program for the block of courses transferred under this subsection. Students that have completed only part of the field-of-study curriculum should receive credit from the receiving institution for each of the courses the student did complete. The College may require students to satisfy additional field-of-study courses.

(d) **Transfer Dispute Resolution.** The Chancellor will publish in the College’s course catalog the THECB’s transfer-dispute resolution procedures. The College will give written notice to the student and the other institution that the proposed credit is denied written when the College does not accept transfer credit. The two institutions and the student shall attempt to resolve the transfer of the course credit under the THECB’s rules. If the transfer dispute is not resolved to the satisfaction of the student or the institution at which the credit was earned within 45 days after the date the student received the written notice of the denial, the College shall notify the Texas Commissioner of Higher Education of the denial and its reasons. The Commissioner of Higher Education, or the Commissioner’s designee, shall make the final determination about the dispute concerning the transfer of course credit, and give written notice of the determination to the involved student and institutions.³

**V.D. Academic Integrity and Dishonesty**

**V.D.1. General Policy Regarding Academic Integrity and Dishonesty**

The College upholds the academic core values of learning: honesty, respect, fairness, and accountability. The College promotes the importance of personal and academic honesty from its students, instructors, and faculty members. The College’s academic integrity policies embrace the belief that all learners—students, faculty, staff and administrators—produce their own work and give appropriate credit to the work of others. No fabrication of sources, cheating, or unauthorized collaboration is permitted on any work submitted to the College or work submitted to third parties.

**V.D.2. Definitions**

(a) **Academic Dishonesty** covers many different circumstances that cannot reasonably be exhausted here. Nevertheless, academic dishonesty can involve bribing, cheating, deceiving, fabricating, impersonating, plagiarizing, engaging in professional misconduct during, and sabotaging, an academic evaluation/assessments. Academic dishonesty means engaging in any of the acts in the preceding sentence with the intent to deceive an instructor or third party in assessing an individual’s academic mastery of an academic component, assignment, area, subject, course, class, or program. Academic dishonesty
occurs when an individual fails to exhibit and uphold academic integrity. Students and instructional employees share a responsibility to not engage in academic dishonesty.

(b) Academic Integrity for Students means that students are committed to upholding themselves and those around them to maintain the worth of the education they are receiving and the degree or certificate that they will receive. Students with academic integrity protect their work during tests, exams, quizzes, labs, and clinical assignments. Students with academic integrity do not share previously used tests/papers/assignments unless their instructor (a) has allowed them to do so or (b) shares the materials themselves. Students with academic integrity do not share information that will be on exams with other students that have not yet taken the subject test for whatever reason. Students with academic integrity report other students that have violated the College’s academic integrity.

(c) Academic Integrity for Faculty and Employees means that faculty members and other instructional employees value the academic rigor required to publish academic materials, value the College’s academic reputation among peer institutions, and value the contributions of all their colleagues and students. Instructors with academic integrity base all academic evaluations upon good-faith professional judgment. Instructors with academic integrity appropriately recognize student contributions to their research, publication, service, or other activities. Instructors with academic integrity develop fair, consistent, and relevant forms of assessment. Instructors with academic integrity should strive to reduce student opportunities to engage in academic dishonesty. Instructors with academic integrity challenge academic dishonesty when it occurs. Instructors with academic integrity in leadership, supervisory, or more experienced positions ensure that their junior colleagues exhibit, maintain, and promote academic integrity in their own fields and in their classrooms.

V.D.3. Violations of Academic Integrity
The College treats academic integrity violations or engaging in academic dishonesty by students as grounds for disciplinary action under the College’s Academic Misconduct Policy. The College treats academic integrity violations or engaging in academic dishonesty by instructors as grounds for disciplinary action under Section IV.

V.E. STUDENT ACADEMIC RESPONSIBILITIES

V.E.1. Academic Student Code of Conduct

V.E.1.1. Policy
The College provides an educational environment grounded in strict fidelity to academic integrity and academic rigor. The College achieves that environment by enforcing the Lone Star College System Academic Student Code of Conduct. The Academic Student Code of
Conduct applies to all students enrolled in a credit or non-credit course at the College. It also applies to all online-only or hybrid students.

**V.E.1.2. Definitions**

(a) Reserved

**V.E.1.3. Academic Code of Conduct**

Academic misconduct can occur in many different ways. The list below presents some examples of academic misconduct. The list does not contain every conceivable example of academic misconduct. The College publishes this list only giving students examples of the types of conduct that might qualify as academic misconduct.

(a) Engaging in academic dishonesty as defined in Section V.

(b) Violating the College’s academic integrity policies defined in Section V.

(c) Taking an exam, entire course, or preparing clinical work for another student.

(d) Supplying or receiving test answers through electronic messages, signaling, or unauthorized written notes.

(e) Looking at or using information from another student’s test.

(f) Authorizing another student to use your test or other class assignment information in any form.

(g) Obtaining or supplying tests, lab reports, term papers, or assignments through unauthorized methods before or after it is administered.

(h) Resubmitting a test with changed answers upon receiving unauthorized information.

(i) Reviewing or altering grades of any student without proper authorization.

(j) Collaborating with other students on testing, assignments, or clinical work without permission.

(k) Possessing another student’s work without permission.

(l) Buying or using someone else’s paper or project from a local source or Internet site and submitting it as your own work.

(m) Incorrectly attributing or neglecting to attribute source material (books, articles, Internet sites, music tracks, movies, etc.) used in an assignment or clinical written work.
(n) Failing to distinguish direct quotations from paraphrasing or summarization of source material.

(o) Completing someone else’s work on an assignment or clinical written work.

(p) Fabricating or falsifying information or course material in an assignment or clinical written work.

(q) Submitting an assignment or clinical written work as your own after someone else has rewritten or changed major portions of it.

(r) Using a project completed for another course and resubmitting it without changes for another course.

(s) Destroying or vandalizing student or faculty course materials or records.

(t) Selling or purchasing exams, papers, notes or other assignments (whether ultimately used or not).

V.F. STUDENT DISCIPLINE FOR ACADEMIC MISCONDUCT


V.F.1.1. Student Discipline Policy for Academic Misconduct
The College upholds the academic core values of learning: honesty, respect, fairness, and accountability especially when its students fall short of those expectations. Academic misconduct and violations of the Academic Code of Conduct subject students to academic discipline under this Section—including suspension and expulsion. When possible, members of the College community should try to resolve minor allegations of academic misconduct informally.

V.F.1.2. Definitions
(a) Academic Integrity Review Committee means a panel appointed from each college to review suspensions and expulsions imposed by other colleges.

(b) Appeal means to request in writing that the Chancellor review a decision of suspension or expulsion, stating why it should be modified or reversed.

(c) Chief Academic Officer means, for this section, a college Vice-President to whom the college President gives primary responsibility for student discipline for academic misconduct.
(d) **Due process** means a student’s procedural and substantive constitutional protections.\(^4\)

(e) **Effective notice** means written notice served in person, emailed to a person’s College email address, or mailed to a person’s address.

(f) **Expulsion** means permanent exclusion from any or all College classes and activities.

(g) **Academic Misconduct** means violating acts prohibited by Section V.1.E.3.

(h) **Period of disruption** means any period in which it reasonably appears that there is a threat of destruction to institutional property, injury to human life on the college or facility, or a threat of willful disruption of the orderly operation of the college or facility.

(i) **Sanction** means a penalty against a student, including oral or written warning, probation, suspension, expulsion, or other proper penalty.

(j) **Suspension** means temporary exclusion from any or all College classes and activities.

V.F.1.3. Reporting Academic Misconduct

Professors retain primary responsibility for matters relating to academic integrity within their courses. Professors should clearly state in a written report how the student’s actions violated the College’s academic integrity policy (those found in this Manual), how a grade was affected (assuming it was), and any academic actions taken. Changing grades (individual grades or overall course grades) requires written notice to the college’s Chief Academic Officer.

Anyone may report academic misconduct in writing to a Chief Academic Officer. Reports shall include all known relevant facts, including dates, times, and places. The reporter shall supply available evidence and shall commit to participate in the investigation or hearing. Knowingly submitting false reports is considered non-academic misconduct for students and grounds for adverse employment actions against employees.

V.F.1.4. Investigation

After receiving a written report alleging academic misconduct, the Chief Academic Officer or a designee may investigate the allegations by meeting with the student’s instructor and the student. If the Chief Academic Officer believes that the instructor’s remedies are sufficient under the College’s policies, the Chief Academic Officer may close the file and leave the matter undisturbed beyond the instructor’s actions. If, however, the Chief Academic Officer believes that a suspension or expulsion is warranted under the circumstances, the Chief Academic Officer will request an Academic Integrity Review Committee Hearing.

V.F.1.5. Hearing

The college shall give the student effective notice of the date, time, and place of his or her Academic Integrity Review Committee hearing. Notices shall set forth specific allegations, list all evidence of academic misconduct including all witnesses who may testify against the student, and provide copies of all documents to be used against the student. The college must prove academic misconduct to the Academic Integrity Review Committee by preponderance of the evidence. Accused students shall have the right to confront and question their accusers during the hearing unless a legally recognized exception to this right applies. After the hearing, the Academic Integrity Review Committee will issue a written majority decision either dismissing the matter or finding the student responsible for academic misconduct. A decision finding a student responsible for academic misconduct shall explain the specific academic misconduct and determine whether an expulsion or suspension is warranted. Either party may appeal the Academic Integrity Review Committee’s decision. The Academic Integrity Review Committee cannot change a grade—it can only recommend adopting or rejecting the expulsion or suspension recommendation made by the Chief Academic Officer for the student involved. The recommendation is forwarded directly to the Chancellor. The Chancellor makes the final decision—that decision is not appealable.

V.F.1.6. Effect of Sanctions
Any suspension or expulsion under Section V has College-wide effect. A student suspended or expelled from one college may not enroll at another college without the Chancellor’s written permission unless the sanction has expired by its own terms. The College may agree at any time to impose certain sanctions if a student admits to academic misconduct, and the student and Chief Academic Officer shall sign any such agreement. In addition to sanctions, the College may pursue any and all remedies at law or equity.

V.F.1.7. Due Process Requirements
Students have a protected interest in receiving an education.\(^5\) Except during periods of disruption, students must receive due process before they may be suspended or expelled.\(^6\) Due process requires notifying students of charges against them, explaining evidence against them, and giving students a fair opportunity to present their side of the story.\(^7\) Due process is not required for sanctions that do not affect students’ interest in receiving an education, such as warnings or exclusion from extracurricular activities.\(^8\) Except during a period of disruption, no suspension or expulsion will take effect for academic misconduct before the investigation, hearing, and appeal process ends.

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\(^5\) Id.
\(^7\) Goss v. Lopez, 419 U.S.565 (1975); Univ. of Tex. Med. Sch. v. Than., 901 S.W.2d 926 (Tex. 1995); Willis v. Tex. Tech Univ. Health Sciences Center, 394 F. App’x 86, 87 (5th Cir. 2010).
\(^8\) NCAA v. Yeo, 171 S.W.3d 863, 865 (Tex. 2005).
V.F.1.8. Autonomy
Academic misconduct may also violate federal, state, or local laws, and students subject to discipline may also face civil or criminal legal penalties. Civil or criminal proceedings—or the lack thereof—related to alleged academic misconduct will not determine discipline.

V.F.1.9. Periods of Disruption
During periods of disruption, the powers and procedures in Texas Education Code Chapter 51, Subchapter E-1 shall apply and shall prevail over this section if they conflict. Students must receive due process as soon as practicable during periods of disruption.9

V.F.1.10. Discipline in Health Occupations Programs
Health Occupations Program Deans shall/may act as Chief Academic Officers for their programs with written authorization from their respective Chief Academic Officer.

V.G. ACADEMIC APPEALS


V.G.1.1. Academic Appeals
The College recognizes a student’s right to consistent and relevant forms of assessment. An academic appeal is a formal request brought by a student to change a grade for the reasons below. Students have 12 calendar months from the date the grade was posted by the registrar to submit an academic appeal. A grade may only be changed by the instructor of record, the instructor’s department chair, the academic dean, or the Academic Appeals Committee. Should an instructor of record’s employment end or otherwise become incapacitated or unavailable, the department chair, or the academic dean may enter grades on the incapacitated or unavailable faculty member.

V.G.1.2. Definitions
(a) Incapacity means the physical or mental inability to enter grades for the purposes of this subsection only (V.G.1.1.).

V.G.1.3. Bases for Academic Appeal
A student must meet one of three requirements in order to qualify to file an academic appeal. The student must have some evidence that there exists at the time of the appeal: (1) a mathematical error in the grade's calculation, (2) a deviation—by the instructor—from the course syllabus or the College’s policy manual (this document), or (3) disparate treatment of the student not covered by EEO (e.g., race, color, sex, and etc.) policies. Any basis for appeal outside of those three categories will not be considered and the College will simply inform the student of this policy and refuse to process the appeal. An appeal will not be considered

merely because the student is dissatisfied with a grade or disagrees with the instructor’s professional judgment of the quality of the student’s work or performance.

V.G.1.4. Procedures
The Board has delegated to the Chancellor the authority to implement Chancellor’s Procedures to carry out the Academic Appeals Policy.

V.H. ACADEMIC STUDENT TRAVEL

V.H.1. Policy
The College provides equal academic student travel opportunities to all students regardless of race, color, sex, age, sexual orientation, religion, ethnic or national origin, disability, veteran status, or any other protected status. Section V.H.1. applies only to Academic Student Travel as defined below.

V.H.1.2. Definitions
(a) Academic Student Travel covered by this Policy means travel that meets three conditions. First, the travel must be at least farther than 25 miles\(^{10}\) from the closest Lone Star College campus or satellite center to the final destination. Second, the travel is directed by an instructional employee to achieve an academic objective. Third, either (1) the College funds the travel and uses a college-owned or -leased vehicle,\(^{11}\) or (2) a college-registered student organization requires the travel.\(^{12}\) Travel that does not meet all three of these conditions is not considered Academic Student Travel and Section V.H.2. does not apply.

(b) Academic Student Domestic Travel means Academic Student Travel that only contains destinations inside the continental United States.

(c) Academic Student Foreign Travel means Academic Student Travel that includes a destination, layover, or location outside the continental United States.

(d) Academic Student Travel Funded by the College means paying for expenses associated with the activity or event from a College-maintained budget item or fund. The College funds travel even if an outside tour company arranges the College-sponsored trip and travelers pay their own travel-related expenses.

\(^{10}\) Tex. Educ. Code Ann. § 51.950(b).


(e) **Academic Student Travel Required by a Registered Student Organization** means the travel related to the organization’s official activities, including attending and participating at conventions, workshops, seminars, mock events, and other academic competitions. This definition does not include social or optional events organized by a registered student organization or an optional course activity recommended by a faculty member.

(f) **Necessary Student Travel Paperwork** includes all required forms specified in the Chancellor’s Procedures for Academic Student Travel.

V.H.1.3. **Academic Student Travel**

Students complete and submit Necessary Student Travel Paperwork at least five working days before the Academic Student Domestic Travel is scheduled to begin. Students complete and submit Necessary Student Travel Paperwork at least 20 working days before the Academic Student Foreign Travel is scheduled to begin. Commercial airlines, College-owned, -rented, or -leased vehicles, and commercial vehicles are approved transportation modes for Academic Student Domestic and Foreign Travel under this policy.\(^{13}\)

(a) **College-Provided Transportation.** A driver transporting students in College-owned, -leased, or -rented vehicles must meet the following qualifications: (1) be a College employee approved by the Chief Student Services Officer, (2) have a valid driver’s license appropriate for the vehicle being driven, and (3) have a satisfactory driving record.\(^{14}\)

The driver must also ensure that passenger numbers do not exceed the vehicle’s designated passenger capacity\(^{15}\)—each passenger must be secured by a seat belt.\(^{16}\) A driver must not drive for more than three consecutive hours without taking a 15-minute break from driving.\(^{17}\) A driver may not read emails or text messages while driving students. A driver must obey all safety procedures and traffic laws.\(^{18}\)

(a) **Student-Provided Transportation.** The following applies when student-owned vehicles are used for Academic Student Travel: (1) College students are not covered by the College’s vehicle insurance policies and cannot be College-approved drivers; (2) adult students drive their own private vehicles at their discretion and peril; (3) adult students riding with another adult student do so at their discretion and peril; (4) College employees cannot arrange for students to drive other students; (5) all student drivers must sign a liability waiver for driving their own vehicle and submit this in accordance with the Necessary Student Travel Paperwork; (6) all student-owned vehicle accidents or collisions

must be covered by the student’s vehicle insurance policy; (7) the Academic Student Travel conditions must be detailed in the appropriate form submitted with the Necessary Student Travel Paperwork; and (8) the College must provide student drivers with directions to the intended destination.

V.I. ACADEMIC FREEDOM AND RESPONSIBILITIES

V.I.1.1. Academic Freedom and Responsibilities
Institutions of higher education are conducted for the common good, which depends upon a commitment to the values of free inquiry and the free expression of ideas. The College embraces these values. Academic freedom is not only a policy giving faculty latitude in addressing their academic subjects, but remains a crucial component of a larger commitment to the free search for truth. Academic freedom is accompanied by equally demanding responsibilities. Instructors, therefore, have both rights and responsibilities.

(a) Rights of Instructional Employees
Every instructional employee and employee’s family member has the right to speak or write as a citizen of the nation, state, and community without fear of institutional censorship or discipline so long as the employee is clear that they do not speak on behalf of the College.

Instructional employees have the right to teach class content, including arguably offensive or controversial class content, according to their professional judgment within the guidelines established by the curriculum team, state governing bodies, accrediting agencies, this manual, and as required by federal, state, or local laws. Absent the limitations in this section, instructional employees have the right to remain true to their pedagogical philosophies and intellectual commitments when teaching.

(b) Responsibilities of Instructional Employees
Faculty members will strive to be accurate, to exercise appropriate restraint when necessary, and to avoid creating the impression that they speak or act for the College when speaking or acting as private citizens. Every instructional employee maintains competency in their field through continued professional development and demonstration of such competence in the teaching environment. As such, they have the right to be supported by the College in professional-development efforts to help maintain competency in their disciplinary fields and instructional skills.

Faculty members will respect the rights of others to hold and articulate opinions, whether or not the faculty member shares the opinion—especially the instructor’s students that disagree with the instructional employee’s opinions. Instructional employees will maintain academic standards with respect to learning outcomes and the accrediting body’s requirements.
(c) Challenges to Academic Freedom
Challenges to the content of a course may be brought to an instructional employee’s dean or vice president. The appropriateness of the content will be determined by the Vice President of Instruction.

Should a faculty member feel his or her academic freedom has been infringed upon by a student, colleague, or supervisor, the faculty member should express concerns to the Chief Academic Officer of the college.

V.J. INSTRUCTIONAL CONTRACTS WITH OUTSIDE AGENCIES

V.J.1. Formula Funding, SDF, Tuition, and Fees for Instructional Contracts
The College cannot use state appropriation funding for non-credit courses that do not award Continuing Education Units (CEU).19 Conversely, courses awarding CEUs may use state appropriation funding but are subject to the Southern Association of Colleges and Schools Commission on Colleges (SACS) as a condition of eligibility for formula funding. The College may use the Skills Development Fund (SDF) for start-up or emergency funds to develop customized training programs for businesses and trade unions, and for sponsoring small and medium-sized business networks and consortiums. Nothing in this paragraph prevents the College from offering non-credit courses that do not award CEUs.

Any course that provides credit hours or CEUs must follow the College’s Tuition and Fees Policies and the Chancellor’s Procedures notwithstanding the existence of a contract. No employee has discretion to waive out-of-state or out-of-district tuition and fees for such agreements.

(a) SACS Accredited Organizations. The College may enter into memoranda of understanding, agreements, or contracts with SACS accredited institutions provided that such agreements must be signed by the Chancellor or a designee (such contracts cannot be further sub-delegated by the initial designee). The Chancellor must designate such designees in writing and file those designations with the Office of the General Counsel. No employee, except the Chancellor, may sign such agreements without a specific, written designation. Finally, all such agreements must comply with state law and SACS guidelines.20

(b) Non-Accredited Organizations. The College may enter into memoranda of understanding, agreements, or contracts with nonSACS accredited institutions provided

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that such agreements must be signed by the Chancellor or a designee. Those agreements must be routed through the Office of the Executive Vice Chancellor to ensure compliance with SACs guidelines and regulations. Those agreements must next be routed through the Office of the General Counsel so that the General Counsel, or a designee, may ensure compliance with state law (unless a Standard Contract approved by the Office of the General Counsel is being used for the agreement). 21

V.J.2. Definitions
(a) Certificate Program means a credit or non-credit workforce education program designed for entry-level employment or for upgrading skills and knowledge within an occupation. Certificate programs typically serve as building blocks and exit points for an Associate of Applied Science (AAS) degree programs. They include fast track certification, level 1, level 2. At times a certificate may be post-degree as is the case for the Advanced Technical Certificate (ATC).

(b) Community Service Course means a course offered for recreational or avocation purposes unsupported by state funding.

(c) Workforce Course means a course offered with an occupationally specific objective and supported by state funding.

(d) Workforce Education means technical courses and programs for which the College awards semester credit hours or continuing education units depicted by a Workforce Education Course Manual (WECM) rubric from the THECB Guidelines on Instructional Programs in Workforce Education (GIPWE). Workforce education courses and programs prepare students for immediate employment after completion of an Associate of Applied Science (AAS), Level 1 certificate, level 2 certificate, industry certification, or job upgrade within specific occupational categories.

V.J.3. Technical and Workforce Course Policy
The Board can finance, provide, and supervise technical and workforce courses for the College’s students. The College will conduct an internal program review for each workforce program on a four-year cycle and present results to the Chancellor and the Board.

V.J.4. Earning Credit or Continuing Education Units through Workforce Courses
The College may classify Workforce Courses as earning semester credit hours, quarter credit hours, or continuing education units (CEUs) based on THECB rules. Contact hours reported for Workforce Courses which result in either credit hours or CEUs will be eligible for formula funding if the program meets the policies as stated in the GIPWE.

(a) A course or program that meets or exceeds 360 hours in length must be approved as a workforce certificate program by THECB staff.

(b) A course or program that meets or exceeds 780 hours in length must result in the award of appropriate semester or quarter credit hours and be applicable to a certificate or an applied associate degree (AAS) program.

V.J.5. New Certificate and Applied Associate Degree Program Requirements
The College must meet several requirements under the Guidelines for Instructional Programs in Workforce Education before the College may approve new certificate or applied associate degree programs. Those requirements include:

(a) Completed application forms and a statement of assurances must be approved by the Board and the Chancellor, and then forwarded to the THECB’s Community and Technical Colleges Division.

(b) The statement of assurances must certify that the THECB’s criteria for new programs have been met.

V.J.6. Revising Certificate and Applied Associate Degree Program Requirements
If the College wishes to revise an existing certificate or applied associate degree program, it must complete the procedures as outlined in the THECB’s Guidelines for Instructional Programs in Workforce Education (GIPWE).

(a) All programs must be under the direction of an administrator having appropriate authority to ensure that course and program quality is maintained and that courses and programs are reviewed regularly, and that programs are conducted in compliance with all applicable laws and rules. Administrative officers must possess credentials, work experience, and/or demonstrated competence appropriate to their areas of responsibility, as specified by the Southern Association of Colleges and Schools Commission on Colleges (SACS). In addition, workforce programs are reviewed annually for relevance to the workplace, new programs created when needed, programs deactivated when no longer effective.

(b) Faculty and staff must be approved by the post-secondary institution. Each individual must meet the minimum qualifications established by the THECB and the Southern Association of Colleges and Schools Commission on Colleges (SACS).
Policy Report and Consideration No. 14  (ACTION ITEM 13)  Board Meeting 2-2-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College System Board Policy Manual Sections VI.A.1.1. Admissions, VI.D.1.1. Non-Academic Student Travel, and VI.D.12.1. Civil Rights Complaints

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Sections VI.A.1.1. Admissions, VI.D.1.1. Non-Academic Student Travel, and VI.D.12.1. Civil Rights Complaints revising enumerated protected categories.

Rationale: The current version of Sections VI.A.1.1. Admissions, VI.D.1.1. Non-Academic Student Travel, and VI.D.12.1. Civil Rights Complaints do not incorporate sexual orientation, gender identity, and gender expression as enumerated protected categories. This revision would align the College with inclusive language reflective of its student population.

Fiscal Impact: None.

Staff Resource: Mario K. Castillo  832-813-6655
Alicia Harvey-Smith  832-813-6648
SECTION VI – STUDENTS

VI.A. ADMISSIONS

VI.A.1.1. Admissions Policy
The College is an open-enrollment community college system. It identifies, attracts, enrolls, and retains students reflecting the community’s diverse population. The College does not consider race, color, sex, age, sexual orientation, gender identity, gender expression, religion, ethnic or national origin, disability, veteran status, or any other protected status in admissions or educational programs.

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VI.D. STUDENT WELFARE AND RIGHTS

VI.D.1. Non-Academic Student Travel

VI.D.1.1. Policy
The College provides equal opportunities to all students participating in courses, activities, and programs regardless of race, color, sex, age, sexual orientation, gender identity, gender expression, religion, ethnic or national origin, disability, veteran status, or any other protected status. Section VI.D.1 applies to only to Non-Academic Student Travel as defined below.

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VI.D.12 Civil Rights Complaints

VI.D.12.01 Policy
The College provides equal treatment and educational opportunities to all persons without regard to race, color, sex, age, sexual orientation, gender identity, gender expression, religion, ethnic or national origin, disability, veteran status, or any other protected status. Any student experiencing discriminatory treatment or civil rights violations, aside from Sexual Violence or Title IX Harassment addressed in Section VI.F (Sexual Harassment, Assault, Violence, and Discrimination), may submit a civil rights complaint under this section.
Request: Consideration for Approval of the Core Curriculum for the Associate of Arts and the Associate of Science Degree for 2017-2018

Chancellor’s Recommendation: That the Board of Trustees approve the revised Associate of Arts and Associate of Science Core Curriculum for the 2017-2018 academic year. The revised core curriculum must be submitted to the Texas Higher Education Coordinating Board for final approval.

Rationale: Texas law provides this definition for "core curriculum" (TEC §61.821): “...the curriculum in liberal arts, humanities, and sciences and political, social, and cultural history that all undergraduate students of an institution of higher education are required to complete before receiving an academic undergraduate degree.” Each institution has some flexibility in determining which specific courses meet THECB core curriculum requirements within the identified disciplines. The required fifteen hours of general education for the Associate of Applied Science Degree comes from the core curriculum.

Recommended changes to the 2017-2018 Core include the following:

- Creative Arts: Add ARTS 1311, ARTS 1316, ENGL 2307 and MUSI 1307. Remove MUSI 1308 and MUSI 1309
- Language, Philosophy and Culture: Add HUMA 2319
- Life & Physical Science: Add CHEM 1407
- Mathematics: Add MATH 1351, MATH 2414, MATH 2415 and PHIL 2303
- Social/Behavioral Sciences: Add GOVT 2311

The LSC core curriculum is reviewed biannually to insure compliance with requirements and conformity with student needs. Changes are suggested by faculty curriculum teams, recommended by the faculty academic core committee, and reviewed by Vice Presidents’ Council, Presidents’ Council, and Chancellor’s Cabinet.

The revised core curriculum is attached.

Fiscal Impact: None.

Staff Resource: Alicia Harvey-Smith 832-813-6648
A course cannot count toward more than one requirement of the degree.

<table>
<thead>
<tr>
<th>Foundational Component Area</th>
<th>Course Options</th>
<th>Semester credit hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMUNICATION</td>
<td>ENGL 1301 and 3 hours of Speech: SPCH 1311, 1315, 1318, 1321</td>
<td>6 hours</td>
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| MATHEMATICS                 | MATH 1314, 1316, 1324, 1325, 1332, 1342, °1350, °1351, 2318, 
 °2412, °2413, °2414, °2415; PHIL 2303 | 3 hours |
| LIFE & PHYSICAL SCIENCES    | BIOL 1406 OR 1408; 1407 OR 1409; 1414, 2401, 2402, 2404, 2406, 2420, 2421; CHEM 1405, 1407, 1411, 1412, 2423, 2425; ENVR 1401, 1402; GEOL 1403, 1404, 1405, 1445; PHYS 1401, 1402, 1403, 1404, 1410, 2425, 2426 | 8 hours |
| CREATIVE ARTS               | ARTS 1301, 1303, 1304, 1311, 1316; DANC 2303; DRAM 1310, 2366; ENGL 2307; MUSI 1306, 1307, 1310 | 3 hours |
| LANGUAGE, PHILOSOPHY, & CULTURE | ENGL 2322, 2323, 2327, 2328, 2332, 2333, 2341, 2342 | 3 hours |
|                            | 2343, 2351; HUMA 1301, 1302, 1305, 1311, 2319; PHIL 1301, 1304, 2306, 2307, 2316, 2321; ARAB 2311, 2312; CHIN 2311, 2312; FREN 2311, 2312; GERM 2311, 2312; ITAL 2311, 2312; JAPN 2311, 2312; PORT 2311, 2312; SGNL 2301, 2302; SPAN 2311, 2312, 2313, 2315 | |
| HISTORY                     | HIST 1301, HIST 1302, HIST 2301 | 6 hours |
| GOVERNMENT                  | GOVT 2305 and 2306 | 6 hours |
| SOCIAL/BEHAVIORAL SCIENCES  | ANTH 2301, 2351; CRIJ 1301, 1307; ECON 2301, 2302; GEOG 1301, 1303; GOVT 2304, 2311; HIST 2311, 2312, 2321, 2322; PSYC 2301; SOCI 1301, 1306 | 3 hours |
| COMPONENT AREA OPTION       | ENGL 1302 or ENGL 2311 and PHED 1164 | 4 hours |

TOTAL 42 hours

* Specifically designed for elementary and middle school teachers.

† This course satisfies the mathematics core requirement of three semester hours; however, the fourth hour is not a part of the transfer core curriculum and may be transferred as an elective hour.
Proposed 2017-2018 Requirements for the Associate of Applied Science
See individual programs for specific information.

A course cannot count toward more than one requirement of the degree.

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<tr>
<th>General Education Requirement</th>
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<tr>
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<td>3 hours</td>
</tr>
<tr>
<td>SOCIAL/BEHAVIORAL SCIENCES</td>
<td>ANTH 2301, 2351; CRJ 1301, 1307; ECON 2301, 2302; GEOG 1301, 1303; GOVT 2304, 2305, 2306, 2311; HIST 1301, 1302, 2301 2311, 2312, 2321, 2322; PSYC 2301; SOCI 1301, 1306</td>
<td>3 hours</td>
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<tr>
<td>CREATIVE ARTS/LANGUAGE</td>
<td>ARTS 1301, 1303, 1304 1311, 1316; DANC 2303; DRAM 1310, 2366; ENGL 2307, 2322, 2323, 2327, 2328, 2332, 2333, 2341, 2342, 2343, 2351; HUMA 1301, 1302, 1305, 1311, 2319, MUSI 1306, 1307, 1310 PHIL 1301, 1304, 2306, 2307, 2316, 2321; ARAB 2311, 2312; CHIN 2311, 2312; FREN 2311, 2312; GER 2311, 2312; ITAL 2311, 2312; JAPN 2311, 2312; PORT 2311, 2312; SGNL 2301, 2302; SPAN 2311, 2312, 2313, 2315</td>
<td>3 hours</td>
</tr>
<tr>
<td>PHILOSOPHY &amp; CULTURE</td>
<td>Choose from courses listed above (not already taken) or from AA/AS core curriculum. See specific degree plans.</td>
<td>3 hours</td>
</tr>
<tr>
<td>ELECTIVE</td>
<td></td>
<td>3 hours</td>
</tr>
</tbody>
</table>

TOTAL 15 hours

Note: Students pursuing AAS degrees must meet math, computer literacy and communication competencies per Texas Higher Education Coordinating Board guidelines. The minimum general education requirement for every AAS degree is 15 semester hours. See specific degree plan.

* Specifically designed math course for elementary and middle school teachers.
† This course satisfies the mathematics core requirements of three semester hours; however, the fourth hour is not a part of the transfer core curriculum and may be transferred as an elective hour.
Curriculum Report and Consideration No. 2  (ACTION ITEM 15)  Board Meeting 2-2-17

Request: Consideration of Approval to Expand the Logistics Management Associate of Applied Science (AAS) Degree and Certificate to LSC-North Harris

Chancellor’s Recommendation: That the Board of Trustees approve expanding the Logistics Management AAS degree and certificate to LSC-North Harris.

Rationale: LSC-North Harris has requested approval to offer the following Logistics Management degree and certificate:

1. Logistics Management AAS Degree
2. First Line Logistics Leader Level I Certificate

Currently, these programs are only offered at LSC-CyFair. Demand in the Houston-The Woodlands-Sugarland Metropolitan Statistical Area (MSA) shows considerable growth for Transportation, Storage, and Distribution Managers. In addition, labor market data from the Texas Workforce Commission, Economic Modeling Specialists and Burning Glass Technologies shows moderate demand and strong wages for this occupational field.

<table>
<thead>
<tr>
<th>Logistics Management AAS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation: Transportation, Storage, and Distribution Managers</td>
<td></td>
</tr>
<tr>
<td>TWC Forecasted Total Annual Average Job Openings (2014-2024)</td>
<td>115</td>
</tr>
<tr>
<td>TWC Median Wage (2015)</td>
<td>$44.83/hr</td>
</tr>
<tr>
<td>Burning Glass Job Postings (Job Postings Dec. 1, 2015- Nov. 30, 2016, Houston-The Woodlands-Sugarland MSA)</td>
<td>957</td>
</tr>
</tbody>
</table>

Sources: Texas Workforce Commission, Burning Glass Technologies

The Texas Higher Education Coordinating Board requires that the College’s Board of Trustees approve new programs.

Fiscal Impact: Estimated start-up equipment costs of $10,400, subject to a competitive bid process, will be funded with Workforce Council new program development funds, which are included in the FY 2016-2017 operating budget. Instruction and other costs of an estimated $110,750 for this program will be included in the proposed FY 2017-2018 operating budget for LSC-North Harris.

Staff Resource: Gerald Napoles 832-998-7065
Alicia Harvey-Smith 832-813-6648
Curriculum Report and Consideration No. 3 (ACTION ITEM 16)  Board Meeting 2-2-17

Request: Consideration of Approval to Expand the Electrical Technology Associate of Applied Science (AAS) Degree and Certificates to LSC-North Harris

Chancellor’s Recommendation: That the Board of Trustees approve expanding the Electrical Technology AAS degree and certificates to LSC-North Harris.

Rationale: LSC-North Harris has requested approval to offer the following electrical technology degree and certificates:

1. Electrical Technology AAS Degree
2. Electrical Technology Level I Certificate
3. Electrical Technology Level II Certificate

Currently, these programs are only offered at LSC-Tomball. Demand in the Houston-The Woodlands-Sugarland Metropolitan Statistical Area (MSA) shows substantial growth for electricians. In addition, labor market data from the Texas Workforce Commission, Economic Modeling Specialists and Burning Glass Technologies shows strong demand and wages for this occupational field.

<table>
<thead>
<tr>
<th>Electrical Technician AAS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation: Electrician</td>
<td></td>
</tr>
<tr>
<td>TWC Forecasted Total Annual Average Job Openings (2014-2024)</td>
<td>850</td>
</tr>
<tr>
<td>TWC Median Wage (2015)</td>
<td>$22.13/hr</td>
</tr>
<tr>
<td>Burning Glass Job Postings (Job Postings Dec. 1, 2015- Nov. 30, 2016, Houston-The Woodlands-Sugarland MSA)</td>
<td>887</td>
</tr>
</tbody>
</table>

Sources: Texas Workforce Commission, Burning Glass Technologies

The Texas Higher Education Coordinating Board requires that the College’s Board of Trustees approve new programs.

Fiscal Impact: Estimated start-up equipment costs of $50,000, subject to a competitive bid process, will be funded with Workforce Council new program development funds, which are included in the FY 2016-2017 operating budget. Instruction and other costs of an estimated $110,750 for this program will be included in the proposed FY 2017-2018 operating budget for LSC-North Harris.

Staff Resource: Gerald Napoles 832-998-7065
Alicia Harvey-Smith 832-813-6648
Report: Monthly Financial Statements

The financial statements for the months ended December 31, 2016 and November 30, 2016 and the quarterly investment report for the period ending November 30, 2016 are presented for Board review.
ACTUAL REVENUES AS A % OF BUDGET
9/1 THROUGH 12/31

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Revenues as % of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>33.9%</td>
</tr>
<tr>
<td>2013-14</td>
<td>38.0%</td>
</tr>
<tr>
<td>2014-15</td>
<td>40.3%</td>
</tr>
<tr>
<td>2015-16</td>
<td>36.1%</td>
</tr>
<tr>
<td>2016-17</td>
<td>42.6%</td>
</tr>
</tbody>
</table>
ACTUAL EXPENDITURES AS A % OF BUDGET
9/1 THROUGH 12/31

28.9%  29.1%  30.9%  31.0%  31.7%

## LONE STAR COLLEGE

### Statement of Revenues and Expenditures

**General and Auxiliary Funds**  
**YTD December 31, 2016**  
**Unaudited**

### REVENUES:

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</th>
<th>FISCAL YTD</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>PRIOR YEAR % ACTUAL TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Appropriations</strong></td>
<td>$74,051,000</td>
<td>$31,806,498</td>
<td>43.0%</td>
<td>$31,842,257</td>
<td>43.0%</td>
</tr>
<tr>
<td><strong>Tuition and Fees</strong></td>
<td>119,381,000</td>
<td>51,126,868</td>
<td>43.0%</td>
<td>46,962,018</td>
<td>41.7%</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>134,613,000</td>
<td>59,442,155</td>
<td>44.2%</td>
<td>36,103,589</td>
<td>28.8%</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>365,000</td>
<td>127,716</td>
<td>35.0%</td>
<td>107,507</td>
<td>25.6%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>5,962,000</td>
<td>1,370,614</td>
<td>23.0%</td>
<td>1,778,406</td>
<td>29.5%</td>
</tr>
<tr>
<td><strong>Total Current Operations Revenues</strong></td>
<td>334,372,000</td>
<td>143,873,851</td>
<td>43.0%</td>
<td>116,793,777</td>
<td>36.7%</td>
</tr>
<tr>
<td><strong>Auxiliary Revenues</strong></td>
<td>13,290,000</td>
<td>4,253,350</td>
<td>32.0%</td>
<td>4,602,244</td>
<td>25.4%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>347,662,000</td>
<td>148,127,201</td>
<td>42.6%</td>
<td>121,396,021</td>
<td>36.1%</td>
</tr>
</tbody>
</table>

### EXPENDITURES:

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</th>
<th>FISCAL YTD</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>PRIOR YEAR % ACTUAL TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instruction-Academic</strong></td>
<td>86,521,207</td>
<td>30,025,192</td>
<td>34.7%</td>
<td>28,311,083</td>
<td>34.1%</td>
</tr>
<tr>
<td><strong>Instruction-Workforce</strong></td>
<td>28,416,989</td>
<td>11,369,881</td>
<td>40.0%</td>
<td>11,066,472</td>
<td>38.2%</td>
</tr>
<tr>
<td><strong>Public Service</strong></td>
<td>766,968</td>
<td>226,201</td>
<td>29.5%</td>
<td>228,908</td>
<td>29.9%</td>
</tr>
<tr>
<td><strong>Academic Support</strong></td>
<td>53,157,879</td>
<td>16,009,066</td>
<td>30.1%</td>
<td>14,829,957</td>
<td>27.3%</td>
</tr>
<tr>
<td><strong>Student Services</strong></td>
<td>46,571,831</td>
<td>12,749,302</td>
<td>27.4%</td>
<td>13,104,178</td>
<td>27.1%</td>
</tr>
<tr>
<td><strong>Institutional Support</strong></td>
<td>36,248,997</td>
<td>11,267,939</td>
<td>31.1%</td>
<td>10,348,328</td>
<td>31.4%</td>
</tr>
<tr>
<td><strong>Plant Operation and Maintenance</strong></td>
<td>34,941,439</td>
<td>10,717,023</td>
<td>30.7%</td>
<td>10,332,240</td>
<td>31.3%</td>
</tr>
<tr>
<td><strong>Staff Benefits</strong></td>
<td>32,864,690</td>
<td>10,279,331</td>
<td>31.3%</td>
<td>9,229,188</td>
<td>34.3%</td>
</tr>
<tr>
<td><strong>Total Educational and General Expenditures</strong></td>
<td>319,490,000</td>
<td>102,643,935</td>
<td>32.1%</td>
<td>97,450,354</td>
<td>31.6%</td>
</tr>
<tr>
<td><strong>Repair, Replacement and Other</strong></td>
<td>5,562,000</td>
<td>124,367</td>
<td>2.2%</td>
<td>143,658</td>
<td>2.8%</td>
</tr>
<tr>
<td><strong>Internally Designated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Auxiliary</strong></td>
<td>11,790,000</td>
<td>4,091,329</td>
<td>34.7%</td>
<td>5,326,931</td>
<td>28.7%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>336,842,000</td>
<td>106,859,631</td>
<td>31.7%</td>
<td>102,920,943</td>
<td>31.0%</td>
</tr>
<tr>
<td><strong>Other Changes - Debt Service &amp; Fund Transfers</strong></td>
<td>7,500,000</td>
<td>2,149,481</td>
<td></td>
<td>2,072,356</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers</strong></td>
<td>344,342,000</td>
<td>109,009,112</td>
<td></td>
<td>104,993,299</td>
<td></td>
</tr>
</tbody>
</table>

### NET INCREASE IN FUND BALANCES

<table>
<thead>
<tr>
<th></th>
<th>GENERAL FUNDS</th>
<th>AUXILIARY FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Funds</strong></td>
<td>1,820,000</td>
<td>38,956,068</td>
</tr>
<tr>
<td><strong>Auxiliary Funds</strong></td>
<td>1,300,000</td>
<td>162,021</td>
</tr>
<tr>
<td><strong>TOTAL NET INCREASE IN FUND BALANCES</strong></td>
<td>$3,320,000</td>
<td>$39,118,089</td>
</tr>
</tbody>
</table>
# LONE STAR COLLEGE

**Balance Sheet**  
December 31, 2016  
Unaudited

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB Reporting Entries (*)</th>
<th>Memorandum Totals</th>
<th>Memorandum Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents &amp; investments $25,113,173</td>
<td>$125,640,703</td>
<td>$535</td>
<td>$150,753,341</td>
<td>$219,872,675</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net 168,953,188</td>
<td>64,958,483</td>
<td>4,948,539</td>
<td>238,860,210</td>
<td>167,190,112</td>
<td></td>
</tr>
<tr>
<td>Prepaid and deferred expenses 15,879,663</td>
<td>-</td>
<td>15,879,663</td>
<td>10,860,420</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>-</td>
<td>-</td>
<td>36,283</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>-</td>
<td>801,975,626</td>
<td>801,975,626</td>
<td>771,081,068</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>209,946,024</td>
<td>190,599,186</td>
<td>806,923,630</td>
<td>1,207,468,840</td>
<td>1,169,040,558</td>
</tr>
</tbody>
</table>

Deferred Outflows | - | - | 21,100,577 | 21,100,577 | 8,864,100 |

**TOTAL ASSETS AND DEFERRED OUTFLOWS** | $209,946,024 | $190,599,186 | $828,024,207 | $1,228,569,417 | $1,177,904,658 |

**LIABILITIES AND FUND BALANCES**

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB Reporting Entries (*)</th>
<th>Memorandum Totals</th>
<th>Memorandum Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable &amp; Accrued Absences Payable $2,001,975</td>
<td>$10,029,024</td>
<td>-</td>
<td>$12,030,999</td>
<td>$19,494,839</td>
<td></td>
</tr>
<tr>
<td>Deferred revenues 127,108,198</td>
<td>46,867,845</td>
<td>-</td>
<td>131,976,043</td>
<td>131,976,043</td>
<td></td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>10,681,636</td>
<td>-</td>
<td>14,107,743</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>-</td>
<td>679,408,492</td>
<td>740,075,229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>-</td>
<td>51,162,604</td>
<td>48,590,998</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets held in custody for others 273,297</td>
<td>6,630,444</td>
<td>-</td>
<td>7,677,899</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L/T Due to Other Local Government</td>
<td>-</td>
<td>16,201,744</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>129,383,470</td>
<td>90,410,693</td>
<td>730,571,096</td>
<td>950,365,259</td>
<td>961,935,039</td>
</tr>
</tbody>
</table>

Deferred Inflows | - | - | 23,436,941 | 23,436,941 | 14,864,100 |

**TOTAL LIABILITIES AND DEFERRED INFLOWS** | 129,383,470 | 90,410,693 | 754,008,037 | 973,802,200 | 976,799,169 |

**TOTAL FUND BALANCES** | 80,562,554 | 100,188,493 | 74,016,170 | 254,767,217 | 201,105,489 |

**TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES** | $209,946,024 | $190,599,186 | $828,024,207 | $1,228,569,417 | $1,177,904,658 |

* Includes GASB (Governmental Accounting Standards Board) reporting entries related to Capital Assets, Long-Term Debt, and Pensions
## LONE STAR COLLEGE
### SUMMARY OF OPERATING FUNDS
**AS OF DECEMBER 31, 2016**

### OPERATING FUNDS 12/31/2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING CASH</strong></td>
<td></td>
</tr>
<tr>
<td>Pools</td>
<td>$17,405,278</td>
</tr>
<tr>
<td>Money Market Accounts</td>
<td>1,791,392</td>
</tr>
<tr>
<td>Operating Cash - Subtotal</td>
<td>$19,196,670</td>
</tr>
<tr>
<td><strong>CASH RESERVES</strong></td>
<td></td>
</tr>
<tr>
<td>Securities</td>
<td>14,997,438</td>
</tr>
<tr>
<td>Cash Reserves - Subtotal</td>
<td>$14,997,438</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$34,194,108</td>
</tr>
</tbody>
</table>
The investment portfolio of Lone Star College is in compliance with the Public Funds Investment Act and the College's Investment Policy and strategies.
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>Money Market and Investment Pools</td>
<td>75.3%</td>
<td>$105,038,323</td>
<td>-</td>
<td>$105,038,323</td>
<td>69.2%</td>
<td>$129,384,806</td>
<td>-</td>
<td>$129,384,806</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>0.9%</td>
<td>1,240,000</td>
<td>-</td>
<td>1,240,000</td>
<td>2.8%</td>
<td>5,296,329</td>
<td>-</td>
<td>5,296,329</td>
</tr>
<tr>
<td>Securities</td>
<td>23.8%</td>
<td>33,287,999</td>
<td>(48,560)</td>
<td>33,239,439</td>
<td>28.0%</td>
<td>52,304,478</td>
<td>535</td>
<td>52,305,013</td>
</tr>
<tr>
<td>Portfolio Total</td>
<td>100.0%</td>
<td>$139,566,322</td>
<td>(48,560)</td>
<td>$139,517,762</td>
<td>100.0%</td>
<td>$186,985,613</td>
<td>535</td>
<td>$186,986,148</td>
</tr>
</tbody>
</table>

Average Yield as of November 30, 2016

<table>
<thead>
<tr>
<th>Security</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>TexPool</td>
<td>0.74%</td>
</tr>
<tr>
<td>Logic</td>
<td>0.84%</td>
</tr>
<tr>
<td>Lone Star</td>
<td>0.72%</td>
</tr>
<tr>
<td>Southside</td>
<td>0.55%</td>
</tr>
<tr>
<td>Capital One</td>
<td>0.30%</td>
</tr>
</tbody>
</table>

Average Yield as of August 31, 2016

<table>
<thead>
<tr>
<th>Security</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>TexPool</td>
<td>0.61%</td>
</tr>
<tr>
<td>Logic</td>
<td>0.62%</td>
</tr>
<tr>
<td>Lone Star</td>
<td>0.61%</td>
</tr>
<tr>
<td>Southside</td>
<td>0.52%</td>
</tr>
<tr>
<td>Capital One</td>
<td>0.30%</td>
</tr>
</tbody>
</table>

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, 2016 the rate was 0.49%.
## MONEY MARKET AND INVESTMENT POOLS

<table>
<thead>
<tr>
<th>Pool</th>
<th>Purchase/Opened Date</th>
<th>Maturity Date</th>
<th>Face Amount</th>
<th>Purchase Yield</th>
<th>Book Value 8/31/16</th>
<th>Market Value 8/31/16</th>
<th>Beginning Date</th>
<th>Ending Date</th>
<th>Period Book / Market Transactions</th>
<th>Ending Book Value</th>
<th>Period Unrealized Gain (Loss)</th>
<th>Ending Market Value</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>$256,584</td>
<td>$256,584</td>
<td>8/31/2016</td>
<td>8/31/2016</td>
<td>Payments</td>
<td>-</td>
<td>-</td>
<td>$256,831</td>
</tr>
<tr>
<td>TexPool Prime</td>
<td>9/23/1993</td>
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</table>

### TOTAL

|                      | 129,384,806          | 129,384,806   | 211,834      | 112,783,595      | 166,406,544         | $105,038,323     | 105,038,323 |

## CERTIFICATES OF DEPOSIT

<table>
<thead>
<tr>
<th>Bank</th>
<th>Purchase/Opened Date</th>
<th>Maturity Date</th>
<th>Face Amount</th>
<th>Purchase Yield</th>
<th>Book Value 4/28/2017</th>
<th>Market Value 4/28/2017</th>
<th>Beginning Date</th>
<th>Ending Date</th>
<th>Period Book / Market Transactions</th>
<th>Ending Book Value</th>
<th>Period Unrealized Gain (Loss)</th>
<th>Ending Market Value</th>
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<td>-</td>
<td>-</td>
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<td>4,001,304</td>
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<td>Frost Bank</td>
<td>10/28/2015</td>
<td>4/28/2017</td>
<td>245,000</td>
<td>0.90%</td>
<td>245,000</td>
<td>245,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
<td>-</td>
<td>250,000</td>
</tr>
<tr>
<td>Frost Bank</td>
<td>10/28/2015</td>
<td>4/28/2017</td>
<td>250,000</td>
<td>0.90%</td>
<td>250,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
<td>-</td>
<td>250,000</td>
</tr>
<tr>
<td>Frost Bank</td>
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<td>5/01/2017</td>
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<td>0.90%</td>
<td>250,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
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<td>250,000</td>
<td>-</td>
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</tr>
<tr>
<td>Frost Bank</td>
<td>11/04/2015</td>
<td>5/04/2017</td>
<td>245,000</td>
<td>0.85%</td>
<td>245,000</td>
<td>245,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
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<td>11/04/2015</td>
<td>5/04/2017</td>
<td>250,000</td>
<td>0.85%</td>
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<td>-</td>
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<td>-</td>
<td>250,000</td>
<td>-</td>
<td>250,000</td>
</tr>
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### TOTAL

|                      | 5,296,329            | 5,296,329     | 5,015        | -              | 4,061,344             | -                      | -             | -           | -                                 | -                 | -                           | -                   |

### TOTAL

|                      | 52,305,013           | 52,304,478    | 6,000,000    | 24,993,288      | 33,287,999            | 105,038,323          | 48,560        | 133,239,459 | 33,239,459                                      |

## SUMMARY

<table>
<thead>
<tr>
<th>MONEY MARKET AND INVESTMENT POOLS</th>
<th>129,384,806</th>
<th>129,384,806</th>
<th>211,834</th>
<th>112,783,595</th>
<th>166,406,544</th>
<th>105,038,323</th>
<th>105,038,323</th>
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<td>-</td>
<td>4,061,344</td>
<td>-</td>
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<td>33,287,999</td>
<td>105,038,323</td>
<td>48,560</td>
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### INVESTMENT PORTFOLIO REPORT BY FUND
### FOR THE QUARTER ENDED NOVEMBER 30, 2016

#### FUND: OPERATING  (UNRESTRICTED)

**MONEY MARKET AND INVESTMENT POOLS**

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<thead>
<tr>
<th>Date</th>
<th>Purchase/Opened</th>
<th>Maturity</th>
<th>Face</th>
<th>Buy</th>
<th>Book Value</th>
<th>Market Value</th>
<th>Interest</th>
<th>Securities</th>
<th>Securities</th>
<th>Disc. / Prem.</th>
<th>Book Value</th>
<th>Unrealized</th>
<th>Market Value</th>
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<td>N/A</td>
<td>N/A</td>
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<td>-</td>
<td>46,929</td>
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<tr>
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<td>N/A</td>
<td>N/A</td>
<td>6,155,417</td>
<td>6,155,417</td>
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<td>26,764,617</td>
<td>31,950,000</td>
<td>979,912</td>
<td>-</td>
<td>979,912</td>
<td>-</td>
</tr>
<tr>
<td>Logic</td>
<td>9/03/1996</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<td>7,425,556</td>
<td>3,641</td>
<td>13,873,401</td>
<td>20,200,000</td>
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<td>1,102,598</td>
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<td>3/29/2001</td>
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<td>3,754,556</td>
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<td>N/A</td>
<td>N/A</td>
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<td>1,788,097</td>
<td>2,388</td>
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<td>-</td>
<td>1,790,485</td>
<td>-</td>
<td>1,790,485</td>
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</tbody>
</table>

**TOTAL**

19,175,169  19,175,169  26,379  109,736,922  121,312,162 - 7,626,308 - 7,626,308

#### CASH RESERVES

**CERTIFICATES OF DEPOSIT**

| Date         | 9/03/2014 10/3/2016 | 4,000,000 | 0.73% | 4,056,329 | 4,056,329 | 5,015 | - | 4,061,344 | - | - | - |

**TOTAL**

4,056,329  4,056,329  5,015 - 4,061,344 - - - -

**SECURITIES**

| Date         | 12/09/2016 | 4,000,000 | 0.70% | 4,012,912 | 4,010,018 | - | - | - | 4,000,000 | 1,304 | 4,001,304 |
| Date         | 09/08/2017 | 2,000,000 | 1.00% | 2,000,178 | 2,000,000 | - | - | - | 2,000,000 | - | - |
| Date         | 09/20/2016 | 3,000,000 | 0.53% | 2,999,550 | 2,999,133 | - | - | - | 2,999,133 | - | - |
| Date         | 11/15/2016 | 4,000,000 | 0.58% | 3,997,296 | 3,995,229 | - | - | - | 3,995,229 | - | - |
| Date         | 10/14/2016 | 3,000,000 | 0.56% | 3,001,503 | 3,001,139 | - | - | - | 3,001,139 | - | - |
| Date         | 11/10/2016 | 8,000,000 | 0.49% | 8,001,824 | 8,000,981 | - | - | - | 8,000,981 | 3,192 | - |
| Date         | 10/13/2016 | 5,000,000 | 0.47% | 4,998,250 | 4,996,806 | - | - | - | 4,996,806 | - | - |
| Date         | 11/07/2016 | 3,000,000 | 0.45% | 2,999,880 | 3,000,000 | - | - | - | 3,000,000 | (4,350) | 2,995,650 |
| Date         | 09/28/2017 | 3,000,000 | 0.47% | 2,995,962 | 2,996,285 | - | - | - | 2,996,285 | (2,855) | 2,993,430 |
| Date         | 08/28/2018 | 3,000,000 | 1.00% | 2,988,776 | 3,000,000 | - | - | - | 3,000,000 | (10,749) | 2,989,251 |
| Date         | 10/01/2018 | 3,000,000 | 0.90% | - | - | - | - | 3,000,000 | (12,312) | 2,987,688 |
| Date         | 10/11/2018 | 3,000,000 | 1.00% | - | - | - | - | 3,000,000 | (13,740) | 2,986,260 |

**TOTAL**

38,066,131  37,999,591 - 6,000,000 24,993,288 337 18,997,145 (42,149) 18,954,996

#### SUMMARY:

| MONEY MARKET AND INVESTMENT POOLS | 19,175,169 19,175,169 26,379 109,736,922 121,312,162 - 7,626,308 - 7,626,308 |
| CERTIFICATES OF DEPOSIT | 4,056,329 4,056,329 5,015 - 4,061,344 - - - - |
| SECURITIES | 38,066,131 37,999,591 - 6,000,000 24,993,288 337 18,997,145 (42,149) 18,954,996 |
| PORTFOLIO TOTAL | $61,237,669 $61,320,869 $31,394 $115,736,922 $150,366,794 $337 $26,623,453 $42,149 $26,581,304 |
LONE STAR COLLEGE
INVESTMENT PORTFOLIO REPORT BY FUND
FOR THE QUARTER ENDED NOVEMBER 30, 2016

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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>$3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$3</td>
<td>$3</td>
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<td>N/A</td>
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<td>79,709,193</td>
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<td>98,239</td>
<td>13,874,401</td>
<td>-</td>
<td>66,082,611</td>
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<td>1,001</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,001</td>
<td>1,001</td>
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<tr>
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<td>N/A</td>
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<td>409,219</td>
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<td>N/A</td>
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<td>-</td>
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CERTIFICATES OF DEPOSIT

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<tbody>
<tr>
<td>Frost Bank</td>
<td>10/28/2015</td>
<td>4/28/2017</td>
<td>245,000</td>
<td>0.90%</td>
<td>245,000</td>
<td>245,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>245,000</td>
<td>245,000</td>
</tr>
<tr>
<td>Frost Bank</td>
<td>10/28/2015</td>
<td>4/28/2017</td>
<td>250,000</td>
<td>0.90%</td>
<td>250,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Frost Bank</td>
<td>10/29/2015</td>
<td>5/01/2017</td>
<td>250,000</td>
<td>0.90%</td>
<td>250,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Frost Bank</td>
<td>11/04/2015</td>
<td>5/04/2017</td>
<td>245,000</td>
<td>0.85%</td>
<td>245,000</td>
<td>245,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>245,000</td>
<td>245,000</td>
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<tr>
<td>Frost Bank</td>
<td>11/04/2015</td>
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<td>0.85%</td>
<td>250,000</td>
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<td>-</td>
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SECURITIES

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SUMMARY:

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<thead>
<tr>
<th>MONEY MARKET AND INVESTMENT POOLS</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>Certificates of Deposit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,240,000</td>
<td></td>
<td></td>
<td>1,240,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14,298,854</td>
<td></td>
<td>22,854</td>
<td>14,321,708</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15,538,854</td>
<td></td>
<td></td>
<td>22,854</td>
<td>14,321,708</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PORTFOLIO TOTAL:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Book Value 11/30/2016</th>
<th>Ending Market Value 11/30/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
<td>1,240,000</td>
<td>1,240,000</td>
</tr>
<tr>
<td>Securities</td>
<td>14,298,854</td>
<td>14,321,708</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15,538,854</td>
<td>14,563,708</td>
</tr>
</tbody>
</table>
### LONE STAR COLLEGE

**INVESTMENT PORTFOLIO REPORT**

**FOR THE QUARTER ENDED NOVEMBER 30, 2016**

#### FUND:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Purchase/Opened Date</th>
<th>Maturity Date</th>
<th>Face Amount</th>
<th>Buy Date</th>
<th>Buy Market Value</th>
<th>Ending Market Value</th>
<th>Period Book / Market Transactions</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>209,700</td>
<td>209,902</td>
<td>209,902 $</td>
</tr>
<tr>
<td>Logic</td>
<td>9/03/1996</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>78,452</td>
<td>78,452</td>
<td>78,452 $</td>
</tr>
<tr>
<td>Lone Star-Govt</td>
<td>3/29/2001</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>540</td>
<td>540</td>
<td>540 $</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>13,363</td>
<td>13,363</td>
<td>13,363 $</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>19,601,134</td>
<td>19,601,134</td>
<td>19,601,134 $</td>
</tr>
<tr>
<td>Capital One-MMA</td>
<td>8/12/2013</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>5,043,932</td>
<td>5,043,932</td>
<td>5,043,932 $</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24,947,121</td>
<td>25,772,581</td>
<td>25,772,581 $</td>
</tr>
</tbody>
</table>

#### INTEREST & SINKING

<table>
<thead>
<tr>
<th>Fund</th>
<th>Purchase/Opened Date</th>
<th>Maturity Date</th>
<th>Face Amount</th>
<th>Buy Date</th>
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<td></td>
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<td>25,772,581</td>
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</tbody>
</table>

#### SUMMARY:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Purchase/Opened Date</th>
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<td></td>
<td></td>
<td>24,947,121</td>
<td>25,772,581</td>
<td>25,772,581 $</td>
</tr>
</tbody>
</table>

### Portability Details:

- **Fund**
- **INTEREST & SINKING**
- **SUMMARY**
- **Portability Total**

---

12
This chart tracks LSC's total book value quarter-by-quarter to provide a historical perspective of the College's investment portfolio.
November 30, 2016
Financial Statements
ACTUAL REVENUES AS A % OF BUDGET
9/1 THROUGH 11/30


24.2%  25.1%  25.4%  24.1%  24.6%
ACTUAL EXPENDITURES AS A % OF BUDGET 9/1 THROUGH 11/30

2012-13: 21.7%
2013-14: 22.3%
2014-15: 23.4%
2015-16: 23.8%
2016-17: 23.7%
## LONE STAR COLLEGE

Statement of Revenues and Expenditures  
General and Auxiliary Funds  
YTD November 30, 2016  
Unaudited

### REVENUES:

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</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><strong>State Appropriations</strong></td>
<td>$74,051,000</td>
<td>$24,779,482</td>
<td>33.5%</td>
<td>$24,821,203</td>
<td>33.5%</td>
</tr>
<tr>
<td><strong>Tuition and Fees</strong></td>
<td>119,381,000</td>
<td>51,074,432</td>
<td>42.8%</td>
<td>46,756,915</td>
<td>41.5%</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>134,613,000</td>
<td>5,219,276</td>
<td>3.9%</td>
<td>4,522,690</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>365,000</td>
<td>87,756</td>
<td>24.0%</td>
<td>65,248</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>5,962,000</td>
<td>1,042,688</td>
<td>17.5%</td>
<td>1,121,432</td>
<td>18.6%</td>
</tr>
<tr>
<td><strong>Total Current Operations Revenues</strong></td>
<td>334,372,000</td>
<td>82,203,634</td>
<td>24.6%</td>
<td>77,287,488</td>
<td>24.3%</td>
</tr>
<tr>
<td><strong>Auxiliary Revenues</strong></td>
<td>13,290,000</td>
<td>3,305,374</td>
<td>24.9%</td>
<td>3,877,093</td>
<td>21.4%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>347,662,000</td>
<td>85,509,008</td>
<td>24.6%</td>
<td>81,164,581</td>
<td>24.1%</td>
</tr>
</tbody>
</table>

### EXPENDITURES:

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</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><strong>Instruction-Academic</strong></td>
<td>84,860,409</td>
<td>22,819,639</td>
<td>26.9%</td>
<td>22,325,220</td>
<td>27.0%</td>
</tr>
<tr>
<td><strong>Instruction-Workforce</strong></td>
<td>28,247,387</td>
<td>8,627,954</td>
<td>30.5%</td>
<td>8,716,734</td>
<td>30.2%</td>
</tr>
<tr>
<td><strong>Public Service</strong></td>
<td>766,968</td>
<td>172,910</td>
<td>22.5%</td>
<td>171,012</td>
<td>22.4%</td>
</tr>
<tr>
<td><strong>Academic Support</strong></td>
<td>55,216,617</td>
<td>11,019,877</td>
<td>20.0%</td>
<td>10,935,288</td>
<td>20.1%</td>
</tr>
<tr>
<td><strong>Student Services</strong></td>
<td>46,053,131</td>
<td>9,689,558</td>
<td>21.0%</td>
<td>10,001,559</td>
<td>20.6%</td>
</tr>
<tr>
<td><strong>Institutional Support</strong></td>
<td>36,442,896</td>
<td>8,488,124</td>
<td>23.3%</td>
<td>7,850,275</td>
<td>23.5%</td>
</tr>
<tr>
<td><strong>Plant Operation and Maintenance</strong></td>
<td>35,058,839</td>
<td>8,398,093</td>
<td>24.0%</td>
<td>8,106,233</td>
<td>24.9%</td>
</tr>
<tr>
<td><strong>Staff Benefits</strong></td>
<td>32,843,753</td>
<td>7,722,596</td>
<td>23.5%</td>
<td>6,975,197</td>
<td>25.9%</td>
</tr>
<tr>
<td><strong>Total Educational and General Expenditures</strong></td>
<td>319,490,000</td>
<td>76,938,751</td>
<td>24.1%</td>
<td>75,081,518</td>
<td>24.3%</td>
</tr>
<tr>
<td><strong>Repair, Replacement and Other</strong></td>
<td>5,562,000</td>
<td>94,732</td>
<td>1.7%</td>
<td>104,448</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Auxiliary</strong></td>
<td>11,790,000</td>
<td>2,702,028</td>
<td>22.9%</td>
<td>3,863,888</td>
<td>20.8%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>336,842,000</td>
<td>79,735,511</td>
<td>23.7%</td>
<td>79,049,854</td>
<td>23.8%</td>
</tr>
<tr>
<td><strong>Other Changes - Debt Service &amp; Fund Transfers</strong></td>
<td>7,500,000</td>
<td>2,149,481</td>
<td>20.7%</td>
<td>2,072,356</td>
<td>23.8%</td>
</tr>
<tr>
<td><strong>Total Expenditures &amp; Transfers</strong></td>
<td>344,342,000</td>
<td>81,884,992</td>
<td>24.1%</td>
<td>81,122,210</td>
<td>24.1%</td>
</tr>
</tbody>
</table>

### NET INCREASE IN FUND BALANCES

<table>
<thead>
<tr>
<th></th>
<th>General Funds</th>
<th>Auxiliary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Net Increase in Fund Balances</strong></td>
<td>$1,820,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td><strong>Fiscal YTD</strong></td>
<td>3,020,670</td>
<td>603,346</td>
</tr>
<tr>
<td><strong>25% FY Elapsed</strong></td>
<td>29,166</td>
<td>13,205</td>
</tr>
</tbody>
</table>

### Unaudited

Total Net Increase in Fund Balances: $3,320,000
**LONE STAR COLLEGE**

**Balance Sheet**

**November 30, 2016**

**Unaudited**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General &amp; Auxiliary</th>
<th>Restricted</th>
<th>GASB Reporting Totals</th>
<th>Memorandum Totals</th>
<th>Memorandum Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents &amp; investments</td>
<td>$15,723,516</td>
<td>$111,782,798</td>
<td>$117,505,779</td>
<td>$206,286,776</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>54,583,017</td>
<td>17,396,581</td>
<td>76,924,852</td>
<td>195,778,560</td>
<td></td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>15,731,995</td>
<td>-</td>
<td>15,731,995</td>
<td>9,707,016</td>
<td></td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47,440</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>-</td>
<td>803,647,189</td>
<td>773,299,145</td>
<td></td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$86,038,528</td>
<td>$129,179,379</td>
<td>$1,044,910,392</td>
<td>$1,193,983,037</td>
<td></td>
</tr>
</tbody>
</table>

| Deferred Outflows | - | - | 21,100,577 | 8,864,100 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | $86,038,528 | $129,179,379 | $829,692,485 | $1,193,983,037 |

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable &amp; Accrued Absences Payable</td>
</tr>
<tr>
<td>Deferred revenues</td>
</tr>
<tr>
<td>Accrued interest payable</td>
</tr>
<tr>
<td>Bonds payable</td>
</tr>
<tr>
<td>Net Pension Liability</td>
</tr>
<tr>
<td>Assets held in custody for others</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
</tr>
</tbody>
</table>

| Deferred Inflows | - | - | 23,436,941 | 14,864,130 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | 40,970,046 | 45,316,061 | 753,992,399 | 1,011,928,613 |

| TOTAL FUND BALANCES | 45,068,482 | 83,863,318 | 840,278,506 | 182,054,424 |

| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | $86,038,528 | $129,179,379 | $829,692,485 | $1,193,983,037 |

* Includes GASB (Governmental Accounting Standards Board) reporting entries related to Capital Assets, Long-Term Debt, and Pensions
# LONE STAR COLLEGE
## SUMMARY OF OPERATING FUNDS
### AS OF NOVEMBER 30, 2016

<table>
<thead>
<tr>
<th>OPERATING FUNDS 11/30/2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING CASH</strong></td>
<td></td>
</tr>
<tr>
<td>POOLS</td>
<td>$ 5,835,823</td>
</tr>
<tr>
<td>MONEY MARKET ACCOUNTS</td>
<td>1,790,485</td>
</tr>
<tr>
<td><strong>Operating Cash - Subtotal</strong></td>
<td>$ 7,626,308</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH RESERVES</strong></td>
<td></td>
</tr>
<tr>
<td>SECURITIES</td>
<td>18,997,145</td>
</tr>
<tr>
<td><strong>Cash Reserves - Subtotal</strong></td>
<td>$ 18,997,145</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 26,623,453</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval to Authorize the Chancellor or Designee to Purchase Welding Supplies, Welding Gases and Lab Gases for the College Welding and Lab Programs

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or his designee to purchase welding supplies, welding gases and lab gases from the following vendors in a total sum not exceeding $800,000 over a period not exceeding five years.

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Address</th>
<th>Estimated Spend Over Five Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Praxair</td>
<td>111425 West Little York, Houston, TX  77041</td>
<td>$225,000</td>
</tr>
<tr>
<td>Conroe Welding</td>
<td>415 S. Frazier, Conroe, TX  77304</td>
<td>$225,000</td>
</tr>
<tr>
<td>Lincoln Electric</td>
<td>22801 St. Clair Avenue, Cleveland, OH 44117</td>
<td>$200,000</td>
</tr>
<tr>
<td>Professional Welding Supply</td>
<td>3000 Brittmore Rd., Bldg. G, Houston, TX 77043</td>
<td>$150,000</td>
</tr>
</tbody>
</table>

The estimated annual spend may vary by vendor; however, the total purchases from all vendors will not exceed $800,000 over the five-year period. The recommended vendors will hold pricing firm for two years. A reasonable price increase may be requested by the vendors beginning in year three to accommodate market price changes for metals or fuel-based products.

Rationale: Welding supplies are required to support the College’s welding instructional programs and include welding rods, grinding rods, cutting tips, propane, mixed gases and general miscellaneous supplies. In addition, gases are used by various departments across the colleges including facilities and science.

In accordance with the provisions of Texas Education Code §44.031 (a), a Request for Proposal (RFP #471) was publicly advertised and issued to twelve vendors and four responses were received. The evaluation of proposals was conducted based on price; qualifications and experience; service needs met; references; quality of goods and services; extent to which certified historically underutilized businesses (HUB), minority and/or veteran or women-owned businesses are utilized; past performance; long-term cost; and other enhanced services.
**Fiscal Impact:** Funds for these purchases are included in the approved FY 2016-2017 budget. Funds for subsequent years will be included in future proposed budgets. The three-year historical annual average spend on these items is $140,000.

**Staff Resource:**

Jennifer Olenick  832-813-6512  
Alicia Harvey-Smith  832-813-6648
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract to Purchase Audio/Visual Systems for the New LSC–CyFair Instructional Building

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or his designee to negotiate and execute a contract with AVSI Group LLC, 4464 West 12th Street, Houston, Texas 77055, to purchase audio/visual systems for the new LSC–CyFair Instructional Building in a sum not exceeding $607,557.

Rationale: The 2014 General Obligation Bond Program includes a new instructional building at LSC-CyFair which is estimated to be complete in April 2017. This request is to authorize the purchase of audio/visual systems for this new facility. Audio/visual systems are used by faculty, staff and students in classrooms and meeting spaces.

On August 1, 2013, the Board of Trustees authorized the Chancellor or his designee to negotiate and execute contracts with the vendors listed below to purchase audio visual equipment, installation and integration services and maintenance and repair services through a formal Request for Proposal process in compliance with Texas Education Code Section §44.031. The Board of Trustees approved purchases from these vendors in a cumulative not-to-exceed amount of $10,000,000 over a maximum period of five years. Written quotes are requested from all vendors when the purchase is estimated to exceed $50,000.

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Vendor Address</th>
<th>Total Contracts Approved to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVSI Group LLC</td>
<td>4464 West 12th Street, Houston, TX 77055</td>
<td>$957,215</td>
</tr>
<tr>
<td>Network Cabling Group, Inc.</td>
<td>12626 Fugua Street, Houston, TX 77034</td>
<td>$797,855</td>
</tr>
<tr>
<td>Summit Integration Systems</td>
<td>5440 Brittmoore Road, Houston, TX 77041</td>
<td>$679,012</td>
</tr>
<tr>
<td>Troxell Communications, Inc.</td>
<td>2951 Marina Bay Drive #130, 415 League City, TX 77573</td>
<td>$2,529,518</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$4,963,600</td>
</tr>
</tbody>
</table>

On December 1, 2016, the Board of Trustees approved the addition of language to the original approval dated August 1, 2013 that requires contract sums in the amount of $500,000 or more to be individually presented to the Board of Trustees for consideration of approval.
Request for quotes for this project were sent to all four approved vendors and three responses were received. It is recommended that the vendor with lowest cost, AVSI, be awarded the contract.

**Fiscal Impact:** $607,557 for this purchase is available from the General Obligation Bonds, Series 2015A.

**Staff Resource:**
- Seelpa Keshvala 281-290-3940
- Link Alander 832-813-6832
- Jennifer Olenick 832-813-6512
Financial Report and Consideration No. 4  (ACTION ITEM 19)  Board Meeting 2-2-17

Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Agreement for the Purchase of Specialty Equipment for the LSC-Montgomery Live Entertainment Technology Building Expansion

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or his designee to negotiate and execute an agreement with Barbizon Light of the Rockies, dba: Barbizon Rockies, 8269 East 23rd Avenue, Suite 111, Denver, CO 80238 to purchase specialty equipment for the LSC-Montgomery Live Entertainment Technology Building Expansion in a sum not exceeding $365,000.

Rationale: The 2014 General Obligation Bond Program includes the LSC-Montgomery Live Entertainment Technology Building Expansion which is estimated to be complete in March 2017. Specialty equipment is utilized to facilitate live theatre productions and is required to support the LSC-Montgomery live entertainment instructional program. Specialty equipment includes lighting, video, rigging, motor control, power and data, and theater equipment.

In accordance with the provisions of the Texas Government Code Sec. 2269.055, a Competitive Sealed Proposal (CSP #468) was publicly advertised and issued to forty-five vendors and one response was received. The evaluation of the proposal was conducted based on price; quality of goods and services; extent to which certified historically underutilized businesses (HUB), minority and/or veteran or women-owned businesses are utilized; financial capability; and ability to meet the proposed timeline.

Fiscal Impact: $365,000 for this purchase is available from the General Obligation Bonds, Series 2015A.

Staff Resource: Rebecca Riley  936-273-7222
Jennifer Olenick  832-813-6512
Request: Consideration of Approval to Modify the Previously Approved December 1, 2016 Agenda Item Related to the LSC-Kingwood Chilled Water Line Extension

Chancellor’s Recommendation: That the Board of Trustees consider and approve as modifications to the December 1, 2016 previously approved agenda item:

1. Authorization of the Chancellor or his designee to negotiate and execute a contract to purchase Construction Manager at Risk (CMAR) services with a Guaranteed Maximum Price (GMP) contract with Balfour Beatty Construction, LLC (Balfour Beatty), 4321 Directors Row, Houston, Texas 77092, for construction services related to the LSC-Kingwood chilled water line extension. The GMP contract under this CMAR is for a sum not exceeding $430,000, as previously approved by the Board on December 1, 2016.

2. Revisions to the Balfour Beatty Contract Summary Table included in the rationale section of the December 1, 2016 agenda item.

Rationale: Entering into a separate contract for project-specific CMAR services with the vendor for this work is more appropriate than amending an existing contract, as approved by the Board of Trustees at the December 2016 meeting, to add an unrelated scope of work to an existing project. Modifications to the Contract Summary Table reflect use of more appropriate nomenclature in summarizing the transactions for this project from June 4, 2015 to date.

Proposed contract #2 is for the purpose of constructing the Chilled Water Line Extension that will connect LSC-Kingwood’s Performing Arts Center (PAC) to the College’s central plant and improve the PAC’s capacity to cool. The PAC is currently served by chillers operating at limited capacity.

<table>
<thead>
<tr>
<th>Balfour Beatty Contracts Summary</th>
<th>Board Approval</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Board Approval for CMAR Agreement</td>
<td>6/4/2015</td>
<td>Kingwood Phase 1 Bond Projects</td>
<td>$0</td>
</tr>
<tr>
<td>GMP Contract</td>
<td>4/7/2016</td>
<td>LSC-Kingwood Student Services Expansion</td>
<td>$2,891,411</td>
</tr>
<tr>
<td>Description</td>
<td>Date</td>
<td>Details</td>
<td>Amount</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-----------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>First Amendment</td>
<td>N/A</td>
<td>Kingwood Phase 1 Bond Projects--Amendment to Construction Manager’s Insurance Section</td>
<td>$0</td>
</tr>
<tr>
<td>Construction Change Order #1</td>
<td>6/2/2016</td>
<td>Addition of LSC-Kingwood Process Technology Satellite Center Building GMP Contract</td>
<td>$13,475,960</td>
</tr>
<tr>
<td><strong>Total Contract #1</strong></td>
<td></td>
<td></td>
<td><strong>$16,367,371</strong></td>
</tr>
<tr>
<td><strong>Proposed Contract #2</strong></td>
<td>2/2/2017</td>
<td>CMAR agreement and GMP contract for LSC-Kingwood Underground Chilled Water Piping to PAC</td>
<td><strong>$430,000</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$16,797,371</strong></td>
</tr>
</tbody>
</table>

**Fiscal Impact**: None.

**Staff Resource**: Katherine Persson 281-312-1640  
Jennifer Olenick 832-813-6512
Financial Report and Consideration No. 6  (ACTION ITEM 21)  Board Meeting 2-2-17

Request: Consideration of Approval to Modify the Previously Approved December 1, 2016 Agenda Item Related to the LSC-North Harris Central Plant Addition

Chancellor’s Recommendation: That the Board of Trustees consider and approve as modifications to the December 1, 2016 previously approved agenda item:

1. Authorization of the Chancellor or his designee to negotiate and execute a contract to purchase Construction Manager at Risk (CMAR) services with a Guaranteed Maximum Price (GMP) contract with Tellepsen Builders, L.P. (Tellepsen), 777 Benmar Drive, Suite 400, Houston, Texas, 77060, for construction services related to the LSC-North Harris Central Plant Addition. The GMP contract under this CMAR is a sum not exceeding $825,286, as previously approved by the Board on December 1, 2016.
2. Revisions to the Tellepsen Contract Summary Table that was included in the rationale section of the December 1, 2016 agenda item.

Rationale: Entering into a separate contract for project-specific CMAR services with the vendor for this work is more appropriate than amending an existing contract, as approved by the Board of Trustees at the December 2016 meeting, to add an unrelated scope of work to an existing project. Modifications to the Contract Summary Table reflect use of more appropriate nomenclature in summarizing the transactions for this project from June 4, 2015 to date.

Proposed Contract #2 is for the purpose of replacing a large cooling tower that has failed operationally and replacing the tower’s matching chiller.

<table>
<thead>
<tr>
<th>Tellepsen Contracts Summary</th>
<th>Board Approval</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Board Approval for CMAR Agreement</td>
<td>6/4/2015</td>
<td>LSC-North Harris Phase 1 Bond Projects</td>
<td>$0</td>
</tr>
<tr>
<td>GMP Contract</td>
<td>6/2/2016</td>
<td>LSC-North Harris Workforce Skills and Trade Center</td>
<td>$13,475,959</td>
</tr>
<tr>
<td>Construction Change Order #1</td>
<td>11/3/2016</td>
<td>GMP contract for relocation of Underground</td>
<td>$1,100,000</td>
</tr>
</tbody>
</table>
## Electrical Service

<table>
<thead>
<tr>
<th>Contract</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Contract #1</td>
<td>CMAR agreement and GMP contract for the Central Plant Addition</td>
<td>$14,575,959</td>
</tr>
<tr>
<td>Proposed Contract #2</td>
<td>2/2/2017</td>
<td>$825,286</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$15,401,245</td>
</tr>
</tbody>
</table>

**Fiscal Impact:** None.

**Staff Resource:**
- Gerald Napoles: 281-618-5444
- Jennifer Olenick: 832-813-6512
Financial Report and Consideration No. 7  (ACTION ITEM 22)  Board Meeting 2-2-17

Request: Consideration of Approval to Review and Ratify an Interlocal Agreement between the College and Tomball Independent School District for the Early College High School Initiative and the Chancellor’s Execution of the Interlocal Agreement

Chancellor’s Recommendation: That the Board of Trustees review and ratify the Interlocal Agreement between the College and Tomball Independent School District (ISD) for the Early College High School Initiative and the Chancellor’s Execution of the Interlocal Agreement. The term of the agreement will be one year beginning August 1, 2017.

Rationale: Early College High Schools (ECHS) are innovative high schools that allow students least likely to attend college an opportunity to earn a high school diploma and 60 college credit hours. Early College High Schools provide dual credit at no cost to students, offer rigorous instruction and accelerated courses, provide academic and social support services to help students succeed, increase college readiness, and reduce barriers to college access. Tomball ISD’s application for ECHS designation was submitted in December 2016.

The ECHS initiative focuses on students for whom the transition into post-secondary education is potentially problematic. Its priority is to serve students from low-income families, first-generation college students, English language learners, and minority students, all of whom are statistically underrepresented in post-secondary education.

Under Section I.D.1.11 of the College Policy Manual, the Chancellor has limited emergency authority to take action that is normally within the authority of the Board. The Chancellor’s emergency authority is limited to protect the College’s property or financial interests. To be approved by the Texas Education Agency (TEA), the ECHS had to have a signed agreement in place by December 18, 2016.

Fiscal Impact: Costs of $47,000 for this ECHS will be included in the proposed FY 2017-2018 operating budget for LSC-Tomball. Enrollments in the ECHS generate contact hours that will be included in the basis for the State’s biennium funding allocation; however, contact hours generated in FY 2017-2018 will not be credited toward the funding allocation until the FY 2019-2020 operating budget.

Staff Resources: Lee Ann Nutt 281-351-3378
Alicia Harvey-Smith 832-813-6648
Request:  
Consideration of Approval to Review and Ratify an Interlocal Agreement between the College and Royal Independent School District for the Early College High School Initiative and the Chancellor’s Execution of the Interlocal Agreement

Chancellor’s Recommendation:  
That the Board of Trustees review and ratify the Interlocal Agreement between the College and Royal Independent School District (ISD) for the Early College High School Initiative and the Chancellor’s execution of the Interlocal Agreement. The term of the agreement will be one year beginning December 7, 2016.

Rationale:  
Early College High Schools (ECHS) are innovative high schools that allow students least likely to attend college an opportunity to earn a high school diploma and 60 college credit hours. Early College High Schools provide dual credit at no cost to students, offer rigorous instruction and accelerated courses, provide academic and social support services to help students succeed, increase college readiness, and reduce barriers to college access. Royal STEM Academy at Royal ISD is designated as an ECHS by the Texas Education Agency (TEA) under the authority of Texas Education Code §29.908(b) and Texas Administrative Code §102.1091. The ECHS initiative focuses on students for whom the transition into post-secondary education is potentially problematic. Its priority is to serve students from low-income families, first-generation college students, English language learners, and minority students, all of whom are statistically underrepresented in post-secondary education. The student body at Royal ISD is 90% minority, 80% economically disadvantaged, and 36.7% limited English proficiency.

Under Section I.D.1.11 of the College Policy Manual, the Chancellor has limited emergency authority to take action that is normally within the authority of the Board. The Chancellor’s emergency authority is limited to protect the College’s property or financial interests.

Fiscal Impact:  
The costs for this ECHS are estimated to be $20,000 and will be included in the proposed FY 2017-2018 operating budget for LSC-Tomball. Royal ISD will be paying for the student’s fees and textbooks. Enrollments in the ECHS generate contact hours that will be included in the basis for the State’s biennium funding allocation; however, contact hours generated in FY 2017-2018 will not be credited toward the funding allocation until the FY 2019-2020 operating budget.
<table>
<thead>
<tr>
<th>Staff Resources:</th>
<th>Lee Ann Nutt</th>
<th>281-351-3378</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Alicia Harvey-Smith</td>
<td>832-813-6648</td>
</tr>
</tbody>
</table>
Personnel Report and Consideration No. 1  (ACTION ITEM 24)  Board Meeting 2-2-17

Request: Consideration of Ratification of Appointments.

Chancellor’s Recommendation: That the contractual appointments listed on the following pages be ratified for the positions indicated.

Rationale: These contractual appointments include ratification of Administrators and Faculty.

Fiscal Impact: Positions and salaries have been budgeted for 2016-2017.

Staff Resource: Mario K. Castillo  832-813-6655
a. **LSC-Kingwood**  
**Bridgett Johnson, Vice-President, Administrative Services**  
**Effective:** 12 month contracted employee at a salary of $116,662 beginning December 1, 2016  
**Education:** M.B.A., Management, B.S., Business Administration, LeTourneau University

b. **LSC-Montgomery**  
**Sarah Palacios-Wilhelm, Dean, Academic Support**  
**Effective:** 12 month contracted employee at a salary of $86,192 beginning November 16, 2016  

c. **LSC-North Harris**  
**James Basham, Workforce Skilled Trade Instructor, Pipefitting**  
**Effective:** 12 month contracted employee at a salary of $46,787 beginning November 16, 2016  
**Education:** Welding Technology and Blueprint Comprehension Certificate, Victoria Community College

**Randall Paulk, Director, Campus Services**  
**Effective:** 12 month contracted employee at a salary of $94,050 beginning November 16, 2016  
**Education:** A.A.S., Computer Information Systems Network Specialist, Lone Star College-North Harris

**Lorie Qualls, Director, Corporate College, Open Enrollment, Truck Driving - Logistics**  
**Effective:** 12 month contracted employee at a salary of $79,486 beginning November 1, 2016  
**Education:** MacArthur High School
d. **LSC-System Office at University Park**  
**Erica Jordan, Executive Director, Corporate College & Career and Technical Education**  
**Effective:** 12 month contracted employee at a salary of $86,192 beginning November 1, 2016  
**Education:** M.B.A., B.S., Management, University of Phoenix

Corey Register, Director, Adult Education Literacy  
**Effective:** 12 month contracted employee at a salary of $63,976 beginning November 16, 2016  
**Education:** M.Ed., Secondary Education, Arcadia University; B.S., Biology, Xavier University-Louisiana

e. **LSC-University Park**  
**Jeremy Simons, Director, Campus Services**  
**Effective:** 12 month contracted employee at a salary of $94,050 beginning November 16, 2016  
**Education:** B.S., Interdisciplinary Studies, University of Houston-Downtown; A.A.S., Computer Information Systems, Onondaga Community College
Request: Consideration of Resignations

Chancellor’s Recommendation:

**LSC-CyFair**
Sharon Jones, Campus Director-Career, Technology, & Continuing Education
Effective December 1, 2016

Vivian Kumlar, Manager, Division Operations
Effective December 31, 2016

**LSC-Kingwood**
Margaret Aalund, Professor, AD Nursing
Effective December 31, 2016

William Chittenden, Manager, Facilities
Effective December 31, 2016

Michael Harshfield, Professor, Respiratory Care
Effective December 31, 2016

Bliss Mayberry, Professor, Cosmetology
Effective December 31, 2016

Kenny McCowen, Professor, Respiratory Care
Effective December 31, 2016

Harry Moore, User Services Manager
Effective September 2, 2016

James Skelton Jr., Professor, English
Effective December 31, 2016

Cathy Stenner, Director, Business Operations
Effective December 31, 2016

Jean Whileyman, Professor, Chemistry
Effective December 31, 2016
LSC-Montgomery
Carol Erb, Professor, Licensed Vocational Nursing
Effective December 31, 2016

Dorma Holt, Professor, Music
Effective December 31, 2016

Rufus Jett, Supervisor, Facilities
Effective December 31, 2016

Kathryn Johanson, Division Operations Specialist
Effective December 31, 2016

Beverly Mulvey, Administrative Assistant II
Effective December 31, 2016

Phyllis Ocheltree, Director, Financial Aid
Effective December 31, 2016

Ellen Plude, Custodian
Effective December 31, 2016

LSC-North Harris
Sherry Bienek, Administrative Specialist I
Effective December 31, 2016

Joyce Boatright, Professor, Developmental Studies
Effective December 31, 2016

Vivian Brecher, Specialist III, Recruiting/Advising
Effective December 31, 2016

Andy Cao, Maintenance Specialist III
Effective December 31, 2016

Mary Cardinal, Manager, Evening & Weekend
Effective December 31, 2016

James Carroll, Counselor/Professor
Effective December 31, 2016

Shemeka Clay, Campus Technology Coordinator
Effective December 31, 2016

Lillian Dixie, Advisor II
Effective December 31, 2016
David Durdin, Professor, Mathematics
Effective December 31, 2016

Sylvia Ellis, Specialist III, Continuing Education/Advising
Effective December 31, 2016

Teresa Garza, Advisor II
Effective December 31, 2016

Elida Guerra, Custodian
Effective December 31, 2016

Jennie Harrison, Dean, Instruction
Effective December 31, 2016

Grace Hively, Advisor II
Effective December 31, 2016

Ethel Lewis, Division Operations Specialist
Effective December 31, 2016

Wei Li, Professor, Developmental Studies
Effective December 31, 2016

Morton Mabry, Manager, Evening & Weekend
Effective December 31, 2016

Linda Mark, Counselor/Professor
Effective December 31, 2016

Kristy Mills, Director, Financial Aid
Effective December 31, 2016

Diane Murray, Professor, Mathematics
Effective December 31, 2016

Dorothy Reade, Professor, Developmental Studies
Effective December 31, 2016

Shahram Shafiee, Professor, Economics
Effective December 31, 2016

Cecelia Sutphen, Executive Director, College Relations
Effective December 31, 2016
Annie Swint, Program Coordinator II, Student Success
Effective December 31, 2016

Beverly Theiss, Specialist II, Student Services
Effective December 31, 2016

Susan Thornton, Professor, Business
Effective December 31, 2016

Charlotte Twardowski, Director, Educational Services & Partnerships
Effective December 31, 2016

Allen Vogt, Professor, History
Effective December 31, 2016

Carolyn Wade, Dean, Student Services
Effective December 31, 2016

**LSC-System Office at University Park**
Yvonne Cross, Specialist II, Student Support
Effective December 31, 2016

Stephen Garner, Sr. Project Director, Facilities
Effective December 31, 2016

Stephen Koszewski, Account Representative II, Corporate College
Effective December 31, 2016

Cecelia Martinez, Director, Conference Center
Effective December 31, 2016

James Mathews, Systems Analyst III, College Services
Effective December 31, 2016

Theresa McGinley, Associate Vice Chancellor, International Programs
Effective December 31, 2016

Gregory Nelson, Executive Director, Real Estate & Strategic Planning
Effective December 3, 2016

John Posch, Executive Director, Construction
Effective January 5, 2017

**LSC-System Office at The Woodlands**
Eduardo Gonzalez, Supervisor, Custodian
Effective December 31, 2016
Deborah Howle, Director, North Houston Regional Center for Economic Development
Effective December 31, 2016

Roslyn Moidel, Specialist IV, Student Records
Effective December 31, 2016

Gary Pinkley, Administrative Specialist I, Mailroom
Effective December 31, 2016

**LSC-Tomball**
Kathy Dannenbaum, Business Manager
Effective December 31, 2016

John Fishero, Vice-President, Administrative Services
Effective December 31, 2016

Karen Hase, Administrative Assistant I
Effective December 31, 2016

Verena Podraza, Specialist III
Effective December 31, 2016

Jacqueline Stirling, Professor, English for Speakers of Other Languages
Effective December 31, 2016

Melanie Younger, Professor, Biology/Veterinary Technology
Effective December 31, 2016

Mary Ann Zack, Specialist III, Business Services
Effective December 31, 2016

**Staff Resource:** Mario K. Castillo
832-813-6655
Report: Construction Projects Update

The monthly construction projects update is presented for Board review.
CONSTRUCTION PROJECTS UPDATE
As of January 12, 2017

2014 General Obligation Bond Projects Summary

LSC-CyFair
- **Instruction and Student Life Building:** Exterior masonry work is in progress. Interior drywall is complete. Interior finishes are in progress and permanent power is near completion. Overall project construction is expected to be complete in April 2017.
- **Cypress Center Workforce Expansion:** Demolition is complete. Construction of underground utilities and piers are complete. Slab on grade is still on track for the first week in February. This project is still on track to be complete in June 2017.
- **Westway Park Technology Center:** The CMAR contract will be presented for consideration of approval at the March 2017 Board of Trustees meeting. Construction is expected to be complete during Fall 2017.

LSC-Kingwood
- **Student Services Center Expansion:** Roofing is complete. All framing and MEP rough-in is in progress. Construction is expected to be complete in March 2017.
- **Process Technology Center:** Structural steel erection, site utilities, and site paving are in progress. Construction is expected to be complete in August 2017.

LSC-Montgomery
- **Conroe Satellite Center:** Construction is substantially complete. Installation of owner furnished equipment is underway. Punch list items are being addressed and final preparations for the Grand Opening Event on January 19, 2017 are being completed.
- **Live Entertainment Technology Building Expansion:** Steel erection and exterior weather proofing is complete. Masonry has begun. Installation of interior utilities and stud walls are underway. Construction is expected to be complete in March 2017.

LSC-North Harris
- **Construction & Skilled Trades Technology Center:** Structural steel and roof decking is complete, and the exterior wall framing, and MEP wall and overhead rough in are in progress. Construction is expected to be complete in July 2017.
- **East Aldine Satellite Center:** It is anticipated that the GMP will be presented for consideration of approval at the April 2017 Board of Trustees meeting. Construction is expected to be complete in May 2018.
- **Relocate Electrical Service Underground:** Electrical underground conduit is underway. Construction is expected to be complete in April 2017.
- **Central Plant Renovations:** The GMP contract is waiting on LSC execution. Construction is expected to be complete in mid-2017.

LSC-Tomball
- **Health Science Building 3rd Floor Buildout**: The project has been completed and an open house was conducted on January 12.
- **South Entrance Drive**: Bids have been received and evaluated. It is anticipated that the project will be presented for consideration of approval at the March Board of Trustees meeting.

**LSC-University Park**
- **Science and Innovation Building**: The building is enclosed. Development of interior utilities and partitioning continue. Specialty equipment is arriving and being integrated into the construction. This project is expected to be complete in May 2017.
- **Building 12 & 13 Entrance Canopy and Parking**: The work site has been cleared and layout is underway for the underground utilities.

**System-wide Security Upgrades**
- Satellite Center mass communication upgrades are complete. Security and mass notification upgrades at main campuses will be bid and contracted in two phases. The bid has been put on hold until further notice.