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
May 4, 2017
6:00 p.m.

PRESENT: Dr. Alton Smith, 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

ABSENT: Dr. Kyle Scott, Vice Chair

I. CALL TO ORDER: Dr. Smith called the workshop and regular meeting of the Board of Trustees to order at 6:03 p.m. after determining that a quorum was present.

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

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

IV. INTRODUCTIONS, SPECIAL GUESTS AND RECOGNITIONS: Dr. Head recognized Rebecca Royer new faculty senate president for LSC-CyFair and Janeu Houston new faculty senate president for LSC-Montgomery

Mr. Amos McDonald, vice chancellor, external affairs and Nicole Gauthier, executive director of the foundation presented a short video of StarGala highlights and gave an update on the StarGala and total money raised. Mr. McDonald also noted the date for next year’s gala will be April 14, 2018.

V. WORKSHOP: Dr. Head introduced Katie Caruso, associate vice chancellor, Honors College and International Education, who presented on the research based honors program and awards students have won. Students gave highlights of their experiences and how being part of the program has changed their lives.
VI. CLOSED SESSION: At 6:29 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
- Section 551.076 – Deliberation Regarding Security Devices

Mr. Lloyd entered the meeting at 7:06 p.m.

VII. RECONVENE REGULAR MEETING: Dr. Smith reconvened the open meeting at 7:33 p.m.

VIII. APPROVAL OF THE MINUTES OF APRIL 6, 2017 WORKSHOP AND REGULAR MEETING OF THE BOARD OF TRUSTEES: upon a motion by Mr. Murillo and second by Mr. Lloyd the board approved the minutes of the April 6, 2017 Workshop and Regular Meeting of the Board of Trustees

IX. SPECIAL REPORTS AND ANNOUNCEMENTS:

1. Chancellor: Dr. Head gave a legislative update: Both the house and senate have moved the BSN and BAT programs to committee. There is a slight increase in appropriations.

Dr. Head announced LSC has a record number of graduates this year, with a total of 7,983 students graduating with a degree or certificate. That is a 13.5% increase over last year. LSC-NH leads the pack with 2,092 graduates and LS-CyFair is graduating 2,058 graduates. Graduations will be held on May 12th and May 13th.

The budget workshop will be held at 3:30 p.m. on June 1, 2017 before the regular board meeting.

Dr. Head introduced Beth Marshall with Community Impact.

2. College Presidents: Dr. Seelpa Keshvala, president of LSC-CyFair, gave a presentation on celebrating student success.

3. Vice Chancellors: None.
4. **Faculty Senate Presidents:** Kim Carter, faculty senate president LSC-Tomball, presented **Faculty Senate Year in Review.**

5. **Board Members** – Trustee Lloyd attended the Innovation Conference at LSC-UP and spoke about a Dallas Community College presentation on student success and their UNITY program. Mr. Lloyd recommended a task force be formed for recruiting and community outreach to help residents in the LSC-North Harris area.

Trustee Trowbridge spoke about the passage of SB4 – anti-sanctuary city and how it will affect undocumented students.

Chair Smith appointed a committee to review the Chancellor’s Contract by the July board meeting: Alton Smith, David Vogt and Myriam Saldívar.

Chair Smith reviewed the board self-evaluation.

X. **CITIZEN PARTICIPATION:** Mr. David Wilson spoke about Agenda Item #14.

Mr. Jim Saldivar, with Sustainability Partners, spoke about funding for Lone Star energy infrastructure.

Ms. Merc Willard and Ms. Shawn Murphy with Sodexo, requested that Action Item #10 – the vending RFP be pulled from the agenda and reopened for bids.

Mr. Edward Flores spoke about student success and faculty contracts not being renewed.

Mr. Abraham Mnderme spoke about a disconnection between administration and students.

Mr. Stevens Orozco spoke about faculty excellence.

Ms. Yoan Gallegos representing SGA, spoke about a disconnection between administration and students.

Mr. Joe Ramirez representing HESI spoke about diversity.

XI. **CONSIDERATION OF THE CONSENT AGENDA:** Items number 6, 7, 10, 14, and 16 were removed from the agenda to be considered separately. Mr. Smith proceeded with the Consent Agenda. Dr. Trowbridge made a motion to approve Action Items 1, 2, 3, 4, 5, 8, 9, 11, 12, 13 and 15. Mr. Murillo seconded the motion and the Board unanimously passed the Consent Agenda. A copy is attached as Exhibit “B”.

XII. **POLICY REPORTS AND CONSIDERATIONS:**

1. Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section I.F.1.04. Time and Place (**ACTION ITEM 1**): the Board of Trustees considered and approved revision of the College’s Board Policy
Manual Section I.F.1.04. Time and Place which covers College policies related to when and where the Board of Trustees holds regular and special Board Meetings. This item was passed in the Consent Agenda. A copy is attached as Exhibit “C”.

2. Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section III.C. Cash Management (ACTION ITEM 2): the Board of Trustees considered and approved 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. 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 Board Policy Manual Section III.H. Auditing (ACTION ITEM 3): the Board of Trustees considered and approved 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. 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 Board Policy Manual Section IV.A.1. Hiring Practices (ACTION ITEM 4): the Board of Trustees considered and approved the revision of the College’s Board Policy Manual Section IV.A.1. Hiring Practices amending and clarifying the College’s policy regarding its hiring practices. This item was passed in the Consent Agenda. A copy is attached as Exhibit “F”.

5. Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section VI.B.2. Installment Payment Plans (ACTION ITEM 5): the Board of Trustees considered and approved the revision of the College’s Board Policy Manual Section VI.B.2. Installment Payment Plans amending and clarifying the College’s policy regarding student payment plans. This item was passed in the Consent Agenda. A copy is attached as Exhibit “G”.

6. Consideration and Approval of No Amendment to the Chancellor’s Procedures regarding Concealed Carry of Handguns on Campus (ACTION ITEM 6): upon a motion by Dr. Holsey and a second by Mr. Murillo the Board of Trustees reviewed and approved the Chancellor’s Procedures providing rules and regulations for concealed carry of handguns by license holders on College premises and let the Procedures take effect on August 1, 2017 without amendment. A copy is attached as Exhibit “H”.

XIII. FINANCIAL REPORTS AND CONSIDERATIONS:

1. Consideration of Adoption of a Resolution and Ordinance Establishing Exemptions From Ad Valorem Taxes For Tax Year 2017 and approval of the automatic renewal of exemptions in successive years thereafter if no changes are needed (ACTION ITEM 7): upon a motion by Ms. Good and a second by Dr. Holsey the Board of Trustees
adopted a resolution and ordinance establishing the following exemptions from ad valorem taxes for tax year 2017 for Harris, Montgomery, and San Jacinto counties, and approve that the Resolution and Ordinance will automatically renew for successive one-year terms until a change in the exemptions is needed: Homestead Exemption - $5,000 or 1% (whichever is greater), Disability or Over 65 Additional Homestead Exemption - $75,000 and Taxpayers who are eligible for the Disability or Over 65 exemption will also qualify for a “Tax Ceiling” (amount paid remains the same regardless of appraisal values). A copy is attached as Exhibit “I”.

2. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement on Behalf of Lone Star College (the “College”) with Splendora Independent School District for the Early College High School Initiative (ACTION ITEM 8): the Board of Trustees authorized the Chancellor or designee to negotiate and execute an interlocal agreement on behalf of the College with Splendora Independent School District (“SISD”) for the Early College High School (“ECHS”) Initiative. The term of the agreement will be one year from August 1, 2017 through July 31, 2018. This item was passed in the Consent Agenda. A copy is attached as Exhibit “J”.

3. Consideration of Approval to Continue Utilizing JP Morgan Chase Bank, N.A. (“JPM”) to Provide Commercial Card Services for Lone Star College’s (the “College”) Procurement and Travel & Expense Card (“P-Card”) Programs through Lone Star College’s Cooperative Purchasing Agreement with the City of Fort Worth (“Fort Worth”) (ACTION ITEM 9): the Board of Trustees approved continuing to utilize JPM, 300 South Riverside Plaza, Suite IL-1-0199, Chicago, Illinois 60670-0199, to provide commercial card services through August 31, 2019, the new expiration date of Fort Worth’s contract with JPM, for the College’s P-Card programs through the College’s cooperative purchasing agreement with Fort Worth. This item was passed in the Consent Agenda. A copy is attached as Exhibit “K”.

4. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract On Behalf of Lone Star College (the “College”) for Snack and Beverage Vending Services (ACTION ITEM 10): upon a motion made by Ms. Good and a second by Mr. Lloyd the Board of Trustees authorized the Chancellor or Designee to negotiate and execute a contract on behalf of the College with The Compass Group d/b/a Canteen Vending Services (“Canteen”), 15951 Park Row, Houston, Texas 77084, to provide snack and beverage vending services for a five-year term with estimated annual commissions of 36% of net sales. The Chancellor recommends the firm with the highest evaluation score be awarded the contract. If negotiations cease for any reason with Canteen, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. A copy is attached as Exhibit “L”.

5. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) for the Purchase of a Learning Management System (ACTION ITEM 11): the Board of Trustees
authorized the Chancellor or designee to negotiate and execute a contract on behalf of the College with D2L, 715 Saint Paul Street, Baltimore, MD 21202, for the purchase of a learning management system in a sum not exceeding $2,939,372 over a maximum period of five years. The initial term of the contract will be for three years with an option to renew for two additional one-year periods. The Chancellor recommends that the firm with the highest evaluation score be awarded the contract. If negotiations cease for any reason with D2L, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. The new contract for these services will begin in December 2018. This item was passed in the Consent Agenda. A copy is attached as Exhibit “M”.

6. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) for the Purchase of 1098-T Reporting Services (ACTION ITEM 12): the Board of Trustees authorized the Chancellor or designee to negotiate and execute a contract on behalf of the College with Educational Computer Systems Inc., dba Heartland ECSI (“ECSI”), 100 Global View Drive, Suite 800, Warrendale, PA 15086, for the purchase of 1098-T Reporting Services in a sum not exceeding $350,000 over a five-year period. The initial term of the contract will be for three years with an option to renew for two additional one-year periods. The Chancellor recommends that the firm with the highest evaluation score be awarded the contract. If negotiations cease for any reason with ECSI, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. This item was passed in the Consent Agenda. A copy is attached as Exhibit “N”.

7. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Agreement on Behalf of Lone Star College (the “College”) to Purchase All-Inclusive Travel for the Honors College International Capstone Program (ACTION ITEM 13): the Board of Trustees authorized the Chancellor or designee to negotiate and execute an agreement on behalf of the College with Travelcorp d/b/a Corporate Travel Management (CTM), 1820 St. Charles Avenue, Suite 200, New Orleans, LA 70130, for the purchase of all-inclusive travel for the Honors College International Capstone Program in a sum not exceeding $325,000. If negotiations cease for any reason with Travelcorp, the College may proceed to negotiate with the next two firms providing quotes in the order of lowest price until a contract is executed. This item was passed in the Consent Agenda. A copy is attached as Exhibit “O”.

8. Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Change Order to the Construction Manager at Risk (“CMAR”) Guaranteed Maximum Price (“GMP”) Contract on Behalf of Lone Star College (the “College”) for Construction Services for the LSC-Kingwood Petrochemical/Refinery Simulation Laboratory (ACTION ITEM 14): upon a motion made by Ms. Good and a second by Mr. Lloyd the Board of Trustees authorized the Chancellor or designee to negotiate and execute a Change Order to the CMAR GMP contract on behalf of the College with Tellepsen Industrial, LLC (“Tellepsen”), 3508 East Pasadena Blvd., Pasadena, Texas
77503, to add construction services up to $550,894 for the LSC-Kingwood Petrochemical/Refinery Simulation Laboratory for a total revised contract sum not exceeding $2,550,894. A copy is attached as Exhibit “P”.

XIV. PERSONNEL REPORTS AND CONSIDERATIONS:

1. Consideration and Authorization for the Chancellor or Designee to Execute Proposed Employment Contracts for the Attached Individuals (ACTION ITEM 15): the Board of Trustees authorized the Chancellor or a designee to execute proposed employment contracts for the attached individuals. Each individual’s name, job title, not-to-exceed contract sum, and hire start date is attached. This item was passed in the Consent Agenda. A copy is attached as Exhibit “Q”.

2. Consideration and Authorization for the Board of Trustees to Appoint the Associate Vice Chancellor & Chief Human Resources Officer as the New Plan Administrator for the Chancellor’s Executive Retirement Plans (ACTION ITEM 16): upon a motion by Dr. Holsey and a second by Mr. Lloyd the Board of Trustees approved the appointment of the Associate Vice Chancellor & Chief Human Resources Officer as the new Plan Administrator for the Chancellor’s Executive Retirement Plans. The Secretary’s Certificate will be signed by Trustee Ken Lloyd, who is the current Board secretary, it was previously signed by Dr. Ron Trowbridge. A copy is attached as Exhibit “R”.

XV. FINANCIAL REPORT

Monthly Financial Report: Ms. Jennifer Olenick, vice chancellor and CFO for finance and administration, presented the monthly financial statements for the month ended March 31, 2017. A copy is attached as Exhibit “S”.

XVI. BUILDING AND GROUNDS REPORTS:

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

XVII. SUGGESTED FUTURE AGENDA ITEMS: None.

XVIII. ADJOURNMENT: There being no further business, the meeting was adjourned at 9:06 p.m.

ATTEST:

[Signatures]

Board of Trustees, Chair

Board of Trustees, Secretary
Certification of Posting of Notice to the May 4, 2017 Workshop and Regular Meeting of the Lone Star College System’s Board of Trustees

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 1st day of May, 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 1st day of May, 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.

Tally of Action Items:

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<tr>
<th>#</th>
<th>Description</th>
<th>Consent Agenda</th>
<th>Chancellor Recommended Separate Action</th>
<th>Board Separate Action</th>
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Policy Report and Consideration No. 1  (ACTION ITEM 1)  Board Meeting 5-4-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section I.F.1.04. Time and Place

Chancellor’s Recommendation: That the Board of Trustees consider and approve revision of the College’s Board Policy Manual Section I.F.1.04. Time and Place which covers College policies related to when and where the Board of Trustees holds regular and special Board Meetings.

Rationale: This policy revision changes the Board Meeting start time to 5:00 p.m., and makes the July Board Meeting a regular Board Meeting.

Fiscal Impact: None.

Staff Resource: Mario K. Castillo  832-813-6655
Helen Clougherty  832-813-6514
I.F.1.4. Time and Place
The Board determines when and where it holds regular and special Board Meetings. Board Meetings are held in the Board Room of the Training and Development Center at 5000 Research Forest Drive, The Woodlands, Texas, 77381 unless otherwise noticed. Board Meetings are usually held on every month’s first Thursday at 5:00 p.m., except in January when no regular Board Meeting is scheduled. The Board’s practice is to open the meeting and immediately proceed to go into closed session. In no event, however, may the Board Chair reconvene the open session before 6:00 p.m. The Board may decide to meet at a different time, date, or place as long as proper notice is given under the Texas Open Meetings Act.

The Board Chair calls special Board Meetings at his or her discretion or upon the request of three or more Trustees.
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<th><strong>Request:</strong></th>
<th>Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section III.C. Cash Management</th>
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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.C. Cash Management which covers College policies related to management of College debt, investments, and depository accounts.</td>
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<td><strong>Rationale:</strong></td>
<td>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.</td>
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<td><strong>Fiscal Impact:</strong></td>
<td>None.</td>
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<td><strong>Staff Resource:</strong></td>
<td>Mario K. Castillo 832-813-6665  Jennifer Olenick 832-813-6512</td>
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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 handle any unexpected cash flow variations or financial emergencies. At least annually, the Board sets the College’s minimum level of reserves. The adoption of the targeted reserve level must be publicly adopted by the Board and a reduction in the level must also be publicly adopted by the Board. 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 Chief Financial Officer and other employees as designated in writing by the College’s Chief Financial Officer, 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. This fund’s maximum weighted maturity is six months, and the maximum stated maturity for any one investment is one year.

**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 Chief Financial Officer’s 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 in cooperation with, but independent of, the Chief Financial Officer reviews the College’s investment practices for compliance with College policies and procedures. The Chief Financial Officer coordinates this independent review in cooperation with the College’s Internal Auditor. 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 Chief Financial Officer’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;

(c) 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.
Policy Report and Consideration No. 3  (ACTION ITEM 3)  Board Meeting 5-4-17

**Request:** Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section III.H. Auditing

**Chancellor’s Recommendation:** 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.

**Rationale:** 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.

**Fiscal Impact:** None.

**Staff 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 conducts 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. Within 60 days of delivery of the final Annual Audit Report, the College’s Chief Financial Officer and the College’s Internal Auditor shall independently, and without the other one present, review and comment on the Annual Audit Report with the Board’s audit committee.

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.

2 Tex. Gov’t Code § 554.002.
Policy Report and Consideration No. 4 (ACTION ITEM 4)  Board Meeting 5-4-17

Request: Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section IV.A.1. Hiring Practices

Chancellor’s Recommendation: That the Board of Trustees consider and approve the revision of the College’s Board Policy Manual Section IV.A.1. Hiring Practices amending and clarifying the College’s policy regarding its hiring practices.

Rationale: The proposed revision of Section IV.A.1. Hiring Practices separates faculty hiring from non-faculty hiring. This revision also allows direct appointment hiring for certain non-full-time faculty positions. Additionally, this revision clarifies search integrity and search committee responsibilities. Finally, this revision updates the College’s nepotism policy to match currently available legal guidance.

Fiscal Impact: None.

Resource: Mario K. Castillo 832-813-6655
IV.A. HIRING

IV.A.1. Hiring Practices

IV.A.1.1. Policy

The College does not deny initial employment or reemployment in any manner that violates local, state, or federal law. The College fills all employment positions with candidates meeting the position’s required minimum qualifications. An applicant that meets the minimum qualifications of a position is a qualified candidate.

(a) Non-Faculty Position Searches
The Chancellor, or a designee, may appoint individuals into non-faculty positions for which the individual meets at least the minimum qualifications. When the Chancellor, or a designee, does not directly-appoint an individual into a non-faculty position, the vacant or new position will be advertised internally and externally to solicit qualified candidates through an official search stewarded by the Office of Human Resources. The Chancellor, or a designee, may elect to direct appoint an individual or go through a formal, official search for non-faculty positions. Only the Board of Trustees, however, may ratify or approve employment contracts.

(b) Faculty Position Searches
All vacant or new faculty positions will be advertised internally and externally to solicit qualified candidates through an official search stewarded by the Office of Human Resources. No college administrator may direct-appoint a full-time faculty member—this includes moving an adjunct faculty member into a full-time faculty member position. A department chair, instructional dean, vice president of instruction, or college president may directly appoint an individual into an adjunct faculty member position (or may elect to conduct a search as well).

(c) Administrative Positions
All vacant or new college administrator positions will be advertised internally and externally to solicit qualified candidates through an official search stewarded by the Office of Human Resources. No college administrator may direct-appoint an individual into a college administrator position. College administrator positions exhaustively include—solely for the purposes of this subsection—deans, vice presidents, and the college’s president. Official searches under this subsection must include at least one full-time faculty member—selected by the college president—on the screening, search, or hiring committee.

(d) Search Integrity
Applicants that do not meet the application submission deadline, or who otherwise do not participate in the official search, if applicable, cannot be hired for any such position once the official search begins. Applicants and search committee members cannot be related within the second degree by affinity or within the third degree by consanguinity. Search committee members
are ineligible to become applicants once the search committee is selected. Search committee members interested in applying for a position must decline participation on the search, screening, or hiring committee for that position.

(e) Nepotism
The College may not hire any person related within the second degree by affinity to any Trustee. The College may also not hire any person related within the third degree by consanguinity to any Trustee. The only exception to both just-mentioned rules arises if the College already employed the person before the Trustee’s election or appointment and the person’s prior employment was continuous for at least 30 days (if the Trustee was appointed) or at least six months (if the Trustee was elected). A College employee may not directly supervise any person related within the second degree by affinity or third degree by consanguinity without Chancellor approval or in the case of the Chancellor without Board approval.

(f) Chancellor’s Procedures
The Board of Trustees specifically empowers and authorizes the Chancellor to develop procedures to implement these policies.
<table>
<thead>
<tr>
<th><strong>Request:</strong></th>
<th>Consideration and Approval of the Recommended Revision of the Lone Star College Board Policy Manual Section VI.B.2. Installment Payment Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chancellor's Recommendation:</strong></td>
<td>That the Board of Trustees consider and approve the revision of the College’s Board Policy Manual Section VI.B.2. Installment Payment Plans amending and clarifying the College’s policy regarding student payment plans.</td>
</tr>
<tr>
<td><strong>Rationale:</strong></td>
<td>The proposed revision of Section IV.B.2. Installment Payment Plans eliminates the requirement that a student’s last installment payment be completed on the tenth week of class. This revision omits such a requirement and requires only that the last installment payment be made on the “last” week of class. This would allow additional students to qualify for installment payments.</td>
</tr>
<tr>
<td><strong>Fiscal Impact:</strong></td>
<td>None.</td>
</tr>
</tbody>
</table>
| **Staff Resource:** | Mario K. Castillo 832-813-6655  
Jennifer Olenick 832-813-6512 |
VI.B.2. Installment Payment Plans

VI.B.2.01 Policy
The College may offer installment payment plans, as specified in the Tuition and Fees Procedures. Payment plans require a student’s first payment before classes begin. Likewise, payment plans require a student’s last payment by the last week of class. Finally, a student who uses a payment plan will pay an extra enrollment fee at enrollment for each semester the student has a payment plan. The College will tell a student about any overdue tuition or fees. Not paying tuition and fees may impact enrollment status.

VI.B.2.02 Obtaining an Installment Payment Plan
The College requires students to enroll and complete necessary paperwork online for a tuition payment plan. That paperwork will include a written agreement outlining the payment plan’s terms and conditions, a promissory note as collateral for the debt, and the student’s financial aid award assignment covering the student’s tuition or fees.

The following statement in bold-faced type must be included in any student’s signed promissory note: “A student who fails to make full payment of tuition and fees, including any incidental fees, by the due date may be prohibited from registering for classes until full payment is made. A student who fails to make full payment prior to the end of the semester or session may be indefinitely denied a transcript.”
Request: Consideration and Approval of No Amendment to the Chancellor’s Procedures regarding Concealed Carry of Handguns on Campus

Chancellor’s Recommendation: That the Board of Trustees review the Chancellor’s Procedures providing rules and regulations for concealed carry of handguns by license holders on College premises and let the Procedures take effect on August 1, 2017 without amendment.

Rationale: Texas law requires the Chancellor to adopt rules, regulations, or other provisions regarding the carrying of concealed handguns by license holders on campus after consulting with students, staff, and faculty. After receiving input from these groups, the Chancellor adopted Campus Carry Procedures for the College during April 2017 to take effect on August 1, 2017. Texas law requires the Board of Trustees to review these procedures. By a two-thirds vote (at least), the Board may amend the procedures in whole or in part. If the Board amends the procedures, they will take effect on August 1, 2017 as amended.

Fiscal Impact: None.

Staff Resource: Mario K. Castillo 832-813-6655
Rand Key 281-655-3701
Section II.F. Weapons on Premises
Procedures for the Concealed Carry of Handguns on Campus

These procedures supplement and clarify Section II.F. of the Lone Star College System District Policy Manual last revised by the Board of Trustees on April 6, 2017, setting out the College’s policies regarding weapons on campus within the section on community and governmental relations. The Policy Manual controls when a conflict arises between it and the procedures below. These procedures were last updated on April 6, 2017. The notice and comment period was open online to the public from February 28, 2017 to March 30, 2017.

1. Scope of Procedures. These procedures are intended to implement state laws authorizing licensed individuals to carry concealed handguns on Lone Star College premises. The Chancellor has consulted with students, staff, faculty, and the community at large regarding the nature of the College’s student population, specific safety considerations, and the College’s unique environment. After reviewing feedback on proposed regulations, the Chancellor adopts these procedures, considering the regulations and processes herein to be reasonable. These procedures apply to all College students, employees, and/or visitors whenever they are on College premises or at events sponsored or affiliated with the College, except that they do not apply to commissioned peace officers as defined in the Texas Code of Criminal Procedures, Article 2.12.

2. Effectiveness, Amendment, and Intent. After review by the Board of Trustees, these procedures will take effect on August 1, 2017. If the Board of Trustees wholly or partially amends these procedures within 90 days of their adoption, the procedures as amended will take effect on August 1, 2017. The Chancellor may amend these procedures as necessary for campus safety or for any other legal reason. These procedures are not intended to generally prohibit or have the effect of generally prohibiting licensed individuals from carrying concealed handguns on Lone Star College premises.

3. Definitions.

(a) Handgun means any firearm designed, made, or adapted to be fired with one hand.

(b) Concealed Handgun means a handgun not openly discernable to a reasonable person’s ordinary observation.

(c) License Holder means an individual licensed to carry a handgun under Chapter 411 of the Texas Government Code.

(d) Concealed Carry refers to license holders carrying a concealed handgun on or about their person.

(e) Exclusion Zone means any part of the campus officially designated, either permanently or temporarily, as an area where concealed carry is prohibited.
(f) **Assigned Office** means an office assigned solely for the use of a specific employee and not generally open to the public.

(g) **Significant Risk** means a high probability of harm, not just a slightly increased, speculative, or remote risk.

(h) **Substantial Harm** means serious injury or death to a person or persons, or destruction of valuable property.

(i) **Hearing** means a meeting on College premises in which at least one individual associated with the College has an interest potentially adverse to either the College or another individual associated with the College. Hearings include, but are not limited to: student discipline and conduct hearings, academic appeal hearings, Human Resources grievance or termination hearings, faculty or staff evaluations or employment reviews, and financial aid hearings.

(j) "**On or about their person**" refers to license holders keeping a concealed handgun close enough that they can reach it without materially changing position.

(k) **Patient care** means care involving patients for whom a formal record of treatment is maintained as required by law.

4. **Open Carry Prohibited.** No one to whom these procedures apply may openly carry a handgun—holstered or not—on College premises, including any building, driveway, street, walkway, sidewalk, parking lot, parking garage, or other parking area.¹

Anyone may report a visible handgun on College premises or at College events by contacting the Lone Star College Police Department at 281-290-5911 from any phone or 5911 from a Lone Star College phone. This number may also be used to report an emergency.

5. **Concealed Carry by License Holders.** Concealed carry is permitted except within exclusion zones. License holders choosing to carry a concealed handgun must carry it on or about their person at all times,² and the concealed handgun must be carried in a holster that

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¹ This is a restriction on open carry, not incidental display. If license holders accidentally displays their handgun (e.g., while reaching for a wallet), this is not considered a violation. However, if reported to the LSC Police Department, license holders will be asked to show their license and counseled to be more careful about concealment.

² A handgun may be carried in a backpack or handbag as long as it remains within the effective control of the license holder and can be reached with minimal movement. Effective control means the license holder would be able to reach the bag before anyone else could.
completely covers the trigger and trigger guard area unless the concealed handgun is secured in a locked, privately owned motor vehicle.

Lone Star College will not provide any handgun storage facilities; if a concealed handgun is not on or about the license holder’s person on Lone Star College, it must be secured in a locked, privately owned motor vehicle. Each license holder is responsible for the safe and secure storage of their own handgun(s).

License holders must display their license to carry a handgun when directed by a Lone Star College police officer. No one other than a Lone Star College police officer may inquire as to whether any person is carrying a concealed handgun or is a license holder.

No one may carry a handgun while intoxicated.

Intentionally revealing a handgun on Lone Star College premises is prohibited and is grounds for disciplinary action up to and including expulsion or employment termination. It may also be a crime subjecting the individual to prosecution by relevant authorities. Discipline will not be imposed if a license holder reveals a handgun under circumstances in which the license holder would have been justified in the use of deadly force under Chapter 9 of the Texas Penal Code.

Except for Lone Star College police officers, College employees who carries a handgun does so outside the scope of their employment and bears full responsibility for any consequences of their decision to carry a handgun, including but not limited to violations of state and/or federal laws and personal responsibility for any injury, death, or property damage caused by the intentional or unintentional discharge of their handgun. Such employees are not entitled to governmental immunity or any other immunity that may otherwise apply to police officers.

6. **Exclusion Zones.** Concealed carry is prohibited within exclusion zones. An exclusion zone is not valid unless effective notice is provided under Section 30.06 of the Texas Penal Code. This notice must be either communicated orally by someone with authority to act for Lone Star College or in writing via a card, document, or sign containing these identical words:

> Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

If the words appear on a sign, the language must be posted in both English and Spanish, appearing in contrasting colors with block letters at least one inch in height, and the sign

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3 The major cause of accidental discharge is carrying a handgun unholstered in a book bag, pocket, or purse. A negligent discharge of a handgun is a criminal offense between a Class A misdemeanor or up to a 2nd degree felony depending on damage and/or injury caused. It is the College’s practice to always submit such discharges to the appropriate District Attorney’s office for consultation and review.
must be displayed in a conspicuous manner clearly visible to anyone who would enter the exclusion zone.

The following areas are exclusion zones at Lone Star College:

(a) Premises designated for exclusive use by students in pre-Kindergarten through 12th grade, including but not limited to iSchool, on-site early college high schools, children's libraries, and childcare centers.4

(b) On the day of an election or while early voting is in progress, any building or part of a building serving as a polling place.5

(c) During a hearing, the room or rooms where the hearing is taking place. In addition to the standard signage required for all exclusion zones, hearing participants must be notified in advance that they will be taking part in a hearing at which concealed carry will be prohibited.6

(d) Premises where any discharge of a handgun would present a significant risk of substantial harm, such as laboratories or classrooms with dangerous chemicals, explosive agents, and areas with equipment that is incompatible with metallic objects.7

(e) An assigned office, if the employee to whom the office is assigned provides effective notice. Any such employee must make reasonable accommodations to meet with other members of the College community in another location upon request and may

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4 Premises where students in pre-Kindergarten through 12th grade intermingle with adult students—such as cafeterias, libraries, and general college classrooms and other areas where dual credit classes are taught—are not exclusion zones. Areas exclusively used by pre-Kindergarten through 12th grade programs on a temporary basis can be officially designated as temporary exclusion zones during such usage with effective notice and signage in place.

5 Signage indicating these areas as gun-free zones will be placed at these locations prior to the opening of the polling place. If the polling location closes, yet the school hours extend afterwards, these signs will be removed until the polling place re-opens.

6 The college President or designee is responsible for posting temporary signage designating the area used as an exclusion zone and providing advance notification to all participants. Upon completion of the hearing, the signage shall be removed. LSC locations will be provided and required to store the temporary signage to enact this recommendation. If a college receives approval to designate a room for exclusive use as a hearing room, that room could be designated a permanent exclusion zone with permanent signage.

7 These areas will be predetermined, approved, and marked with permanent signage indicating these areas are exclusion zones. If a new area is built or an area is repurposed and is determined to meet requirements of this recommendation, the college President or designee will petition the Campus Carry Safety Advisory Committee for permanent signage.
not inquire or comment as to why the requester desires an alternate meeting location.  

(f) Premises serving as the venue of a ticketed sporting or performing arts event. In addition to posting signs, effective notice under Section 30.06, Texas Penal Code, should appear on the back of tickets or in another conspicuous place on the ticket.  

(g) Premises where patient care is provided as part of specialized training or otherwise.  

(h) Premises where clothes are regularly changed, such as a gym locker room.  

(i) Premises used as specialized classrooms housing programs requiring protective equipment/clothing or involving activities that make concealment problematic, including but not limited to auto repair or HVAC training classrooms.  

(j) Any other location officially designated temporarily or permanently as an exclusion zone.

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8 Employees approved to make their offices exclusion zones will be provided proper signage for their office doors.  

9 A-frame sidewalk board style signs indicating the venue is an exclusion zone will be provided and stored at venues and available for venue director, or designee, to place prior to the event. These signs must be removed after the event has concluded. A-frame outside signage should be in place before attendees arrive. If it is not possible to print information on the back of the ticket, notification of exclusion zone should be given when advertising the event. This notice is in addition to the A-frame sidewalk board style sign. If the venue is used as a general class space during the day, it cannot be designated as an exclusion zone during class time-only during the ticketed event. (Example: music, art, or theatre class in the venue during the day.)  

10 Lone Star College may have a limited number of these programs. Such exclusion zones should cover solely the areas within a building where patient care is taking place.  

11 These areas will be predetermined and marked with permanent signage indicating these areas are exclusion zones. Locker rooms are exclusion zones because persons change clothes in these rooms and remove their handguns. Lone Star College lockers are “open-cage” lockers whose contents can be seen from the outside. Lone Star College does not provide gun lockers. If license holders cannot keep a handgun on or about their person as required by state law, they would be required to either secure the handgun in a locked, privately owned motor vehicle or not bring it to campus. State law requires guns to be on or about the license holder's person. Gym lockers are not designated as gun lockers, so storing a handgun in one would violate state law. If a new area is built or an area is repurposed and it is determined to meet the requirements of this recommendation, the college President or designee, will petition the Campus Carry Safety Advisory Committee for permanent signage.  

12 These areas will be predetermined and marked with permanent signage indicating these areas are exclusion zones. Generally, these areas are classrooms where students would be expected to engaged in physical activity such as crawling, climbing, and working under and around equipment. These classrooms also require students to wear protective clothing such as coveralls. If a new area is built or an area is repurposed and it is determined to meet the requirements of this recommendation, the college President or designee, will petition the Campus Carry Safety Advisory Committee for permanent signage.
College presidents shall ensure that a detailed, current list and/or map of all exclusion zones at their colleges and centers is available on the webpage for their college. They may also provide hard copies of such lists and/or maps at one or more information stations near their college’s and centers’ main entrances. Lone Star College’s police commissioner shall ensure that a detailed, current list and/or map is available online for each of the College’s System Offices.

The Campus Carry Safety Advisory Committee may officially designate additional locations as exclusion zones. Such designations may be temporary or permanent. To request official designation of a new exclusion zone, please submit Form II.F.1 (included in the appendix to these procedures) to CampusCarry@LoneStar.edu at least 30 business days before the designation is necessary.

7. **Campus Carry Safety Advisory Committee.** The Chancellor will appoint a standing Campus Carry Safety Advisory Committee to collaborate with the Office of the General Counsel in periodically reviewing these procedures and proposing changes as necessary. Members of this committee serve at the Chancellor’s pleasure—i.e., the Chancellor may appoint new members to the committee and/or remove existing members from the committee at any time—but the committee shall always have at least five members. The committee shall meet as often as necessary, and at least once per year.

The Campus Carry Safety Advisory Committee will also collaborate with appropriate parties to address any issues related to carrying of handguns on College premises or at College events, including but not limited to:

- changes to the College’s use of space;
- changes to relevant state laws;
- proper signage and notifications for exclusion zones; and
- annual reviews of these procedures and relevant training materials. The committee shall recommend updates to these procedures and such training materials as necessary.

8. **Training.** Lone Star College will develop training materials regarding concealed carry at Lone Star College for specific groups, including but not limited to faculty, staff, new and returning students, Lone Star College police personnel, educational and corporate partners,

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13 It is contemplated that the Police Commissioner, Chief of Police, and an attorney from the Office of the General Counsel will be standing members of this committee and that the committee will be efficiently small—between 5 and 7 members. Other members will reflect representation from faculty, staff, and possibly other groups at the Chancellor’s discretion.
and visitors. Where feasible, representatives from these various groups and any others should participate in developing these training materials in collaboration with the Office of the General Counsel and the Lone Star College Police Department.

Training materials regarding concealed carry laws and these procedures will utilize various methods of training as appropriate, which may include face-to-face training, online videos, emergency training activities, student orientation, training through Organization Development and My Workshops, Human Resources new employee onboarding, brochures, and so forth.

All Lone Star College faculty, staff, and students will receive annual training on relevant concealed carry laws and these procedures. All of the College’s educational and corporate partners located on Lone Star College premises will receive annual information about relevant concealed carry laws and these procedures.

9. Report to Legislature. By September 1 of each even-numbered year, Lone Star College will submit a report to the Texas Legislature and to standing legislative committees with jurisdiction over campus carry. Each report will contain a copy of these procedures and will explain Lone Star College’s reasons for establishing the specific provisions herein.

Adoption Date: April 6, 2017
Effective Date: August 1, 2017

Dr. Stephen C. Head
Lone Star College

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14 Although license holders cannot be singled out for training, there will be notice given to all employees and students that information is available on the campus carry website on license holder responsibilities.
APPENDIX & FORMS
Form II.F.1: Request for Designation of Exclusion Zone

Any individual may use this form to request that space within the College be officially designated as an exclusion zone. This form should be submitted to the Campus Carry Safety Advisory Committee at CampusCarry@LoneStar.edu at least 30 business days before the designation is necessary.

Name of Requester _____________________________ Date _____________________________

Type of designation requested: □ Permanent
                                   □ Temporary

Detailed description of space requested to be designated as an exclusion zone (attach additional sheets as necessary):

________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________

Reason(s) why space should be designated as an exclusion zone (attach additional sheets as necessary):

________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________

I understand that any statement I make on this Form II.F.1 which is false, misleading, or not made in good faith may be grounds for discipline.

Printed Name _____________________________ Signature _____________________________ Date _____________________________

For Office Use Only

Date Received: _____________________________

Receiving Employee: _____________________________

Printed Name _____________________________ Signature _____________________________
Recommendation No 1 - “Premises of Lone Star College designated for the exclusive use by pre-K-12 students, such as but not limited to, iSchool, on-site early college high schools, children’s libraries, and childcare centers, are gun-free zones pursuant to Texas Penal Code Section 46.03(a)(1).”

This recommendation became Campus Carry Procedure Section 6(a) regarding exclusion zones:

“The following areas are exclusion zones . . . Premises designated for exclusive use by students in pre-Kindergarten through 12th grade, including but not limited to iSchool, on-site early college high schools, children’s libraries, and childcare centers.”

Recommendation No 2 - “Premises, area or room, of Lone Star College while serving as a polling place on the day of an election or while early voting is in progress, are gun-free zones pursuant to Texas Penal Code Section 46.03(a)(2).”

This recommendation became Campus Carry Procedure Section 6(b) regarding exclusion zones:

“On the day of an election or while early voting is in progress, any building or part of a building serving as a polling place.”

Recommendation No 3 - “Premises of Lone Star College used for hearings are gun-free zones. Hearings include but are not limited to: student discipline and conduct, HR grievance or termination hearings, faculty or staff evaluations or employment reviews, and financial aid hearings. Gun-free signage is required to be posted prior to hearing with advance notification to participants.”

This recommendation became Campus Carry Procedure Section 6(c) regarding exclusion zones:

“During a hearing, the room or rooms where the hearing is taking place. In addition to the standard signage required for all exclusion zones, hearing participants must be notified in advance that they will be taking part in a hearing at which concealed carry will be prohibited.”

Recommendation No 4 - “Premises of Lone Star College where the discharge of a firearm might cause great harm, such as laboratories or classrooms with dangerous chemicals, explosive agents, and areas with equipment that is incompatible with metallic objects are gun-free zones.”

This recommendation became Campus Carry Procedure Section 6(d) regarding exclusion zones:

“Premises where any discharge of a firearm would present a significant risk of substantial harm, such as laboratories or classrooms with dangerous chemicals,
explosive agents, and areas with equipment that is incompatible with metallic objects.”

**Recommendation No 5** - “The occupant of an office to which that employee has been solely assigned and that is not generally open to the public should be permitted, at the employee’s discretion, to prohibit the concealed carry of a handgun in that office. An employee who declares their office gun-free must provide notice that the concealed carry of a handgun is prohibited. The employee must make reasonable accommodations for an alternative meeting location.”

This recommendation became Campus Carry Procedure Section 6(e) regarding exclusion zones:

> “An assigned office, if the employee to whom the office is assigned provides effective notice. Any such employee must make reasonable accommodations to meet with other members of the College community in another location upon request and may not inquire or comment as to why the requester desires an alternate meeting location.”

**Recommendation No 6** - “Premises of Lone Star College shall be gun-free while serving as the venue of a ticketed sporting or performing arts event. Written communication should be given on back of the tickets. Gun-free signage is required prior to commencement of event.”

This recommendation became Campus Carry Procedure Section 6(f) regarding exclusion zones:

> “Premises serving as the venue of a ticketed sporting or performing arts event. In addition to posting signs, effective notice under Section 30.06, Texas Penal Code, should appear on the back of tickets or in another conspicuous place on the ticket.”

**Recommendation No 7** - “Premises of Lone Star College shall be gun-free when specialized training requires ‘patient-care’. A ‘patient-care’ area should involve patients for whom a formal record of treatment is maintained as required by law.”

This recommendation became Campus Carry Procedure Section 6(g) regarding exclusion zones:

> “Premises where patient care is provided as part of specialized training or otherwise.”

**Recommendation No 8** - “Premises of Lone Star College where clothes would be changed thus necessitating the concealed handgun be removed by the carrier shall be gun-free. A gym locker room would constitute such an area.”

This recommendation became Campus Carry Procedure Section 6(h) regarding exclusion zones:

> “Premises where clothes are regularly changed, such as a gym locker room.”

**Recommendation No 9** - “Premises of Lone Star College used as specialized classroom housing programs requiring protective equipment/clothing or involving activities that make concealment problematic, such as but not limited to, auto repair or HVAC training classrooms, should be gun-free.”
This recommendation became Campus Carry Procedure Section 6(i) regarding exclusion zones:

“Premises used as specialized classrooms housing programs requiring protective equipment/clothing or involving activities that make concealment problematic, including but not limited to auto repair or HVAC training classrooms.”

**Recommendation No 10** - “License to Carry (LTC) holders who elect to carry a handgun on premises of Lone Star College must carry the handgun on or about their person at all times. If handgun in not on or about their person, an alternative to carrying on or about their person is to secure the handgun in a locked motor vehicle.

In compliance with Texas Penal Code Section 46.035(a-1), a LTC holder may not carry a partially or wholly visible handgun on campus premises or on any college driveway, street, walkway, sidewalk, parking lot, parking garage, or other parking area.”

This recommendation became Campus Carry Procedure Section 4:

“No one to whom these procedures apply may openly carry a handgun—holstered or not—on College premises, including any building, driveway, street, walkway, sidewalk, parking lot, parking garage, or other parking area.

Anyone may report a visible handgun on College premises or at College events by contacting the Lone Star College Police Department at 281-290-5911 from any phone or 5911 from a Lone Star College phone. This number may also be used to report an emergency.”

This recommendation also became part of Campus Carry Procedure Section 5:

“Concealed carry is permitted except within exclusion zones. **License holders choosing to carry a concealed handgun must carry it on or about their person at all times**, and the concealed handgun must be carried in a holster that completely covers the trigger and trigger guard area **unless the concealed handgun is secured in a locked, privately owned motor vehicle.**

Lone Star College will not provide any handgun storage facilities; **if a concealed handgun is not on or about the license holder’s person on Lone Star College, it must be secured in a locked, privately owned motor vehicle.** Each license holder is responsible for the safe and secure storage of their own handgun(s).

License holders must display their license to carry a handgun when directed by a Lone Star College police officer. No one other than a Lone Star College police officer may inquire as to whether any person is carrying a concealed handgun or is a license holder.

No one may carry a handgun while intoxicated.
Intentionally revealing a handgun on Lone Star College premises is prohibited and is grounds for disciplinary action up to and including expulsion or employment termination. It may also be a crime subjecting the individual to prosecution by relevant authorities. Discipline will not be imposed if a license holder reveals a handgun under circumstances in which the license holder would have been justified in the use of deadly force under Chapter 9 of the Texas Penal Code.

Except for Lone Star College police officers, College employees who carries a handgun does so outside the scope of their employment and bears full responsibility for any consequences of their decision to carry a handgun, including but not limited to violations of state and/or federal laws and personal responsibility for any injury, death, or property damage caused by the intentional or unintentional discharge of their handgun. Such employees are not entitled to governmental immunity or any other immunity that may otherwise apply to police officers.”

Recommendation No 11 - “A License to Carry (LTC) holder who elects to carry a handgun on premises of Lone Star College must carry it in a holster that completely covers the trigger and trigger guard area. The holster must be utilized when the LTC holder is carrying the handgun on or about their person. No handgun storage will be provided by Lone Star College. LTC holders are responsible for the safe and secure storage of their own handgun.”

This recommendation became part of Campus Carry Procedure Section 5:

“Concealed carry is permitted except within exclusion zones. *License holders choosing to carry a concealed handgun must carry it on or about their person at all times, and the concealed handgun must be carried in a holster that completely covers the trigger and trigger guard area* unless the concealed handgun is secured in a locked, privately owned motor vehicle.

*Lone Star College will not provide any handgun storage facilities;* if a concealed handgun is not on or about the license holder’s person on Lone Star College, it must be secured in a locked, privately owned motor vehicle. *Each license holder is responsible for the safe and secure storage of their own handgun(s).*

License holders must display their license to carry a handgun when directed by a Lone Star College police officer. No one other than a Lone Star College police officer may inquire as to whether any person is carrying a concealed handgun or is a license holder.

No one may carry a handgun while intoxicated.

Intentionally revealing a handgun on Lone Star College premises is prohibited and is grounds for disciplinary action up to and including expulsion or employment termination. It may also be a crime subjecting the individual to prosecution by relevant authorities. Discipline will not be imposed if a license holder reveals a handgun under circumstances in which the license holder would have been justified in the use of deadly force under Chapter 9 of the Texas Penal Code.
Except for Lone Star College police officers, College employees who carries a handgun does so outside the scope of their employment and bears full responsibility for any consequences of their decision to carry a handgun, including but not limited to violations of state and/or federal laws and personal responsibility for any injury, death, or property damage caused by the intentional or unintentional discharge of their handgun. Such employees are not entitled to governmental immunity or any other immunity that may otherwise apply to police officers.”

Recommendation No 12 - “Education and Training materials will be developed for specific groups, including but not limited to: faculty, staff, new and returning students, LSC police personnel, educational and corporate partners. Representatives from the various groups should participate in development of training materials in collaboration with Office of General Counsel and LSC Police Department.”

This recommendation became part of Campus Carry Procedure Section 8:

“Lone Star College will develop training materials regarding concealed carry at Lone Star College for specific groups, including but not limited to faculty, staff, new and returning students, Lone Star College police personnel, educational and corporate partners, and visitors. Where feasible, representatives from these various groups and any others should participate in developing these training materials in collaboration with the Office of the General Counsel and the Lone Star College Police Department.

Training materials regarding concealed carry laws and these procedures will utilize various methods of training as appropriate, which may include face-to-face training, online videos, emergency training activities, student orientation, training through Organization Development and My Workshops, Human Resources new employee onboarding, brochures, and so forth.

All Lone Star College faculty, staff, and students will receive annual training on relevant concealed carry laws and these procedures. All of the College’s educational and corporate partners located on Lone Star College premises will receive annual information about relevant concealed carry laws and these procedures.”

Recommendation No 13 - “Education and Training on Senate Bill 11 Campus Carry and Lone Star College policies, rules and regulations will utilize various methods of training: face to face, on-line videos, embedded in emergency training activities, student orientation, my workshops, human resources on-boarding of new employees, brochures, monitors, etc.”

This recommendation became part of Campus Carry Procedure Section 8:

“Lone Star College will develop training materials regarding concealed carry at Lone Star College for specific groups, including but not limited to faculty, staff, new and returning students, Lone Star College police personnel, educational and corporate partners, and visitors. Where feasible, representatives from these various groups and any others should participate in developing these training materials in
collaboration with the Office of the General Counsel and the Lone Star College Police Department.

Training materials regarding concealed carry laws and these procedures will utilize various methods of training as appropriate, which may include face-to-face training, online videos, emergency training activities, student orientation, training through Organization Development and My Workshops, Human Resources new employee onboarding, brochures, and so forth.

All Lone Star College faculty, staff, and students will receive annual training on relevant concealed carry laws and these procedures. All of the College’s educational and corporate partners located on Lone Star College premises will receive annual information about relevant concealed carry laws and these procedures.”

Recommendation No 14 - “All Lone Star College faculty, staff, and students will be subject to annual mandatory training on Senate Bill 11 Campus Carry and Lone Star College policies, rules and regulations. All educational and corporate partners located on Lone Star College premises will receive annual information on Lone Star College Campus Carry policies, rules and regulations.”

This recommendation became part of Campus Carry Procedure Section 8:

“Lone Star College will develop training materials regarding concealed carry at Lone Star College for specific groups, including but not limited to faculty, staff, new and returning students, Lone Star College police personnel, educational and corporate partners, and visitors. Where feasible, representatives from these various groups and any others should participate in developing these training materials in collaboration with the Office of the General Counsel and the Lone Star College Police Department.

Training materials regarding concealed carry laws and these procedures will utilize various methods of training as appropriate, which may include face-to-face training, online videos, emergency training activities, student orientation, training through Organization Development and My Workshops, Human Resources new employee onboarding, brochures, and so forth.

All Lone Star College faculty, staff, and students will receive annual training on relevant concealed carry laws and these procedures. All of the College’s educational and corporate partners located on Lone Star College premises will receive annual information about relevant concealed carry laws and these procedures.”

Recommendation No 15 - “Chancellor will appoint a standing Campus Carry Safety Advisory Committee to collaborate with Office of General Counsel in drafting procedures for review of changes or additions to LSC campus carry rules and regulations. The Campus Carry Safety Advisory Committee will also collaborate with appropriate parties to address changes to space usage, amendments to Senate Bill 11, ensure proper signage and notifications, to annually review
education and training program materials and to assist in reviewing and addressing any issues that may arise as a result of Senate Bill 11.”

This recommendation became Campus Carry Procedure Section 7:

“The Chancellor will appoint a standing Campus Carry Safety Advisory Committee to collaborate with the Office of the General Counsel in periodically reviewing these procedures and proposing changes as necessary. Members of this committee serve at the Chancellor’s pleasure—i.e., the Chancellor may appoint new members to the committee and/or remove existing members from the committee at any time—but the committee shall always have at least five members. The committee shall meet as often as necessary, and at least once per year.

The Campus Carry Safety Advisory Committee will also collaborate with appropriate parties to address any issues related to carrying of handguns on College premises or at College events, including but not limited to:

- changes to the College’s use of space;
- changes to relevant state laws;
- proper signage and notifications for exclusion zones; and
- annual reviews of these procedures and relevant training materials. The committee shall recommend updates to these procedures and such training materials as necessary.”
Request: Consideration of Adoption of a Resolution and Ordinance Establishing Exemptions From Ad Valorem Taxes For Tax Year 2017 and approval of the automatic renewal of exemptions in successive years thereafter if no changes are needed.

Chancellor’s Recommendation: That the Board of Trustees adopt a resolution and ordinance establishing the following exemptions from ad valorem taxes for tax year 2017 for Harris, Montgomery, and San Jacinto counties, and approve that the Resolution and Ordinance will automatically renew for successive one-year terms until a change in the exemptions is needed.

- Homestead Exemption - $5,000 or 1% (whichever is greater)
- Disability or Over 65 Additional Homestead Exemption - $75,000
- Taxpayers who are eligible for the Disability or Over 65 exemption will also qualify for a “Tax Ceiling” (amount paid remains the same regardless of appraisal values)

Rationale: Texas Property Tax Code Section 11.13 authorizes the governing body of a taxing unit to adopt certain exemptions to ad valorem taxation to be effective for that taxing unit.

Lone Star College is not proposing a change in the exemptions from tax year 2016. In addition, Texas Property Tax Code Section 11.261 establishes a “Tax Ceiling” limitation on total taxes imposed on taxpayers eligible for the Disability or Over 65 exemption beginning the first tax year that their property qualifies for those exemptions. The Tax Ceiling means that the amount of tax paid remains the same regardless of appraisal values.

Fiscal Impact: The 2017 proposed tax rate, scheduled for consideration in September 2017, will take into consideration the impact of these exemptions, and the proposed rate will ensure that adequate tax revenues will be generated to support the adopted budgets.

Staff Resource: Jennifer Olenick 832-813-6512
RESOLUTION AND ORDINANCE OF THE BOARD OF TRUSTEES OF THE LONE STAR COLLEGE SYSTEM DISTRICT ESTABLISHING EXEMPTIONS FROM AD VALOREM TAXES FOR TAX YEAR 2017

WHEREAS, the Board of Trustees of the Lone Star College System District finds that it is necessary to levy a tax for the tax year 2017 for all of the College’s lawful expenses in order to carry out the duties and responsibilities placed upon the College by law; and

WHEREAS, the College’s Board of Trustees wishes to establish, and is authorized by the Texas Property Tax Code to establish certain exemptions to the taxable values of certain properties in the College’s tax jurisdiction for the purpose of assessing and collecting taxes for the tax year 2017;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE LONE STAR COLLEGE SYSTEM DISTRICT THAT:

With respect to all real property owned by an individual and occupied by that individual as a residence homestead (as defined in Section 11.13(j)(1) of the Texas Property Tax Code), that, in addition to any other exemptions provided by Section 11.13 of the Texas Property Tax Code, the first $5,000 or 1% of value, whichever is greater, with respect to said property be exempt from ad valorem taxation.

BE IT FURTHER RESOLVED with respect to all real property owned by an individual who is disabled (as defined in Section 11.13(m)(1) of the Texas Property Tax Code) or who is 65 years of age or older and occupied by that individual as a residence homestead (as defined in Section 11.13(j)(1) of the Texas Property Tax Code), that the first $75,000 of value of said property be exempt from ad valorem taxation.

BE IT FURTHER RESOLVED with respect to all real property owned by an individual who is disabled (as defined in Section 11.13(m)(1) of the Texas Property Tax Code) or who is 65 years of age or older and occupied by that individual as a residence homestead (as defined in Section 11.13(j)(1) of the Texas Property Tax Code), that upon the first tax year a property qualifies for the disabled or over 65 year exemption, a limitation will be placed on the total amount of taxes that may be imposed on the value of said property (as set forth in Section 11.261 of the Texas Property Tax Code).

BE IT FURTHER RESOLVED this Resolution and Ordinance shall have an initial term of one (1) year from the approved date. Upon expiration of the initial term, this Resolution and Ordinance shall automatically renew for successive one (1) year terms unless the above-mentioned exemptions change.
ADOPTED, PASSED, AND APPROVED this 4th day of May, 2017.

Chair, Board of Trustees
Lone Star College System District

Secretary, Board of Trustees
Lone Star College System District
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Interlocal Agreement on Behalf of Lone Star College (the “College”) with Splendora Independent School District for the Early College High School Initiative

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute an interlocal agreement on behalf of the College with Splendora Independent School District (“SISD”) for the Early College High School (“ECHS”) Initiative. The term of the agreement will be one year from August 1, 2017 through July 31, 2018.

Rationale: SISD is designated as an ECHS by the Texas Education Agency under the authority of Texas Education Code §29.908 (b) and Texas Administrative Code §102.1091. LSC-Kingwood is currently supporting SISD’s ECHS under an existing interlocal agreement which expires July 31, 2017.

ECHS initiatives are innovative high schools that allow students less likely to attend college an opportunity to earn a high school diploma and 60 college credit hours. ECHS initiatives 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.

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.

Fiscal Impact: Costs of approximately $145,806 (not including indirect costs) for this ECHS initiative will be included in the proposed FY 2018 operating budget for LSC-Kingwood. Enrollments in the ECHS initiative generate contact hours that are included in the basis for the state’s biennium funding allocation. Contact hours from Fall 2014 and Spring 2015 generated an estimated $199,293 in State funding in FY 2017.

Staff Resource: Katherine Persson 281-312-1640
Alicia Harvey-Smith 832-813-6648
Jennifer Olenick 832-813-6512
## Request:
Consideration of Approval to Continue Utilizing JP Morgan Chase Bank, N.A. (“JPM”) to Provide Commercial Card Services for Lone Star College’s (the “College”) Procurement and Travel & Expense Card (“P-Card”) Programs through Lone Star College’s Cooperative Purchasing Agreement with the City of Fort Worth (“Fort Worth”)

### Chancellor’s Recommendation:
That the Board of Trustees approve continuing to utilize JPM, 300 South Riverside Plaza, Suite IL-1-0199, Chicago, Illinois 60670-0199, to provide commercial card services through August 31, 2019, the new expiration date of Fort Worth’s contract with JPM, for the College’s P-Card programs through the College’s cooperative purchasing agreement with Fort Worth.

### Rationale:
In April 2011, the Board of Trustees authorized the College to enter into a purchasing cooperative agreement with Fort Worth (Contract No. 41786) as allowed under Texas Local Government Code §271.101 and §271.102. This agreement was executed on May 17, 2011 and provides the College access to a variety of the Fort Worth’s purchasing contracts including, but not limited to, supplies, services, disposal, and recycling. There are no payments or fees required under this purchasing cooperative agreement and either party may terminate the agreement upon thirty days written notice.

At the time, the Board of Trustees also authorized the College to utilize Fort Worth’s contract with JPM (Contract No. 35775) to provide commercial card services for the College’s P-Card programs. Fort Worth’s contract with JPM was set to expire August 31, 2017. Effective March 13, 2017, Fort Worth approved the extension of the term to August 31, 2019. As Fort Worth has approved amendments to their contract with JPM to extend the agreement or modify the terms, the College’s Board of Trustees has approved continued utilization of the contract as amended. This request is to allow continued utilization of this contract through August 31, 2019, the new expiration date of Fort Worth’s agreement with JPM.

### Fiscal Impact:
The P-Card programs generate an annual rebate to the College of approximately $200,000 from JPM.

### Staff Resource:
Jennifer Olenick 832-813-6512
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract On Behalf of Lone Star College (the “College”) for Snack and Beverage Vending Services

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or Designee to negotiate and execute a contract on behalf of the College with The Compass Group d/b/a Canteen Vending Services (“Canteen”), 15951 Park Row, Houston, Texas 77084, to provide snack and beverage vending services for a five-year term with estimated annual commissions of 36% of net sales. The Chancellor recommends the firm with the highest evaluation score be awarded the contract. If negotiations cease for any reason with Canteen, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed.

Rationale: Snack and beverage vending services offer a convenience to students, faculty and staff across the campuses and in some cases are the only food service option at the satellite centers. Vending products include various brands of snacks, fresh food and a full menu of beverage products such as Coca-Cola, Pepsi, and Dr. Pepper.

The current contract with Canteen Vending Services expires on August 15, 2017.

In compliance with Texas Education Code 44.031 (a), a Request for Proposal (“RFP”) #472 was publicly advertised and nine responses were received. The proposals were evaluated based on percentage commission and annual guarantee; qualifications, experience and service needs met; references; quality of service; extent to which certified historically underutilized businesses (“HUB”), minority and/or veteran or women-owned businesses are utilized; past performance; and enhanced services, thoroughness, and completeness of proposals. Presentations were requested from the top three scoring vendors.

Fiscal Impact: The vending program’s 36% commission generates an estimated annual rebate of $525,000 to LSC. This compares to a commission of 35.3% under the current contract and a total rebate of $464,155 for FY 2016.

Staff Resource: Jennifer Olenick 832-813-6512
Financial Report and Consideration No. 5  (ACTION ITEM 11)  Board Meeting 5-4-17

Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the "College") for the Purchase of a Learning Management System

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute a contract on behalf of the College with D2L, 715 Saint Paul Street, Baltimore, MD 21202, for the purchase of a learning management system in a sum not exceeding $2,939,372 over a maximum period of five years. The initial term of the contract will be for three years with an option to renew for two additional one-year periods. The Chancellor recommends that the firm with the highest evaluation score be awarded the contract. If negotiations cease for any reason with D2L, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed. The new contract for these services will begin in December 2018.

Rationale: The Learning Management System ("LMS") is a web-based teaching and learning tool for course development, delivery, and management. It allows instructors to manage courses, deliver content, monitor student participation and assess performance. Students are able to interact with each other as well as the instructors resulting in a broader online learning community resource.

The current contract with D2L was extended from December 17, 2016 to December 18, 2018 to allow time for a formal request for proposal process and the implementation and transition to the awarded vendor.

In compliance with Texas Education Code §44.031 (a), a Request for Proposal ("RFP") #443 was publicly advertised and four responses were received. The initial evaluation of the proposals was conducted based on price; qualifications, experience and service needs met; quality of services; references; past performance; the extent to which certified historically underutilized business ("HUB"), minority and/or veteran or women-owned business are utilized; long-term cost; and enhanced services and completeness and thoroughness of proposal. Presentations were requested from the top two scoring vendors.

Fiscal Impact: The average annual cost for the first three years and years four and five will be $570,419 and $614,057, respectively. These amounts will be included in future proposed LSC-System Office budgets beginning in FY 2019. The current contract average annual cost for comparable services is approximately $560,000.
<table>
<thead>
<tr>
<th>Staff Resource</th>
<th>Alicia Harvey-Smith</th>
<th>832-813-6648</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jennifer Olenick</td>
<td>832-813-6512</td>
</tr>
</tbody>
</table>
Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Contract on Behalf of Lone Star College (the “College”) for the Purchase of 1098-T Reporting Services

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute a contract on behalf of the College with Educational Computer Systems Inc., dba Heartland ECSI (“ECSI”), 100 Global View Drive, Suite 800, Warrendale, PA 15086, for the purchase of 1098-T Reporting Services in a sum not exceeding $350,000 over a five-year period. The initial term of the contract will be for three years with an option to renew for two additional one-year periods. The Chancellor recommends that the firm with the highest evaluation score be awarded the contract. If negotiations cease for any reason with ECSI, the College may proceed to negotiate with the next firm in the order of selection ranking with a score of not less than 70 until a contract is executed.

Rationale: This purchase is for services to provide required IRS Form 1098-T to students and the IRS. The current contract with ESCI will expire in November 2017.

In compliance with Texas Education Code §44.031 (a), a Request for Proposals (“RFP”) #475 was publicly advertised and two responses were received. The evaluation of the proposals was based on cost; qualifications, experience and service needs met; references; quality of services; the extent to which certified historically underutilized business (“HUB”), minority and/or veteran or women-owned business are utilized; past performance; long-term cost; and enhanced services & completeness and thoroughness of proposal.

ECSI will provide students with the ability to opt-in to receive 1098-T e-forms instead of paper forms. In addition, ECSI will provide a secure website for the students to view and re-print 1098-T forms.

Fiscal Impact: The sum of $60,600 for this purchase will be included in the proposed FY 2018 LSC-System Office operating budget. Funds for subsequent fiscal years will be included in future proposed budgets. The current contract average annual cost is $47,783. There is a 27% increase in cost for these services due to student enrollment increases and additional requirements of the IRS.

Staff Resource: Jennifer Olenick 832-813-6512
Financial Report and Consideration No. 7  (ACTION ITEM 13)  Board Meeting 5-4-17

Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute an Agreement on Behalf of Lone Star College (the “College”) to Purchase All-Inclusive Travel for the Honors College International Capstone Program

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute an agreement on behalf of the College with Travelcorp d/b/a Corporate Travel Management (CTM), 1820 St. Charles Avenue, Suite 200, New Orleans, LA 70130, for the purchase of all-inclusive travel for the Honors College International Capstone Program in a sum not exceeding $325,000. If negotiations cease for any reason with Travelcorp, the College may proceed to negotiate with the next two firms providing quotes in the order of lowest price until a contract is executed.

Rationale: The Honors College International Capstone Program is part of the Chancellor’s Fellows Award. The Chancellor’s Fellows, cohorts of 20 per campus competitively selected each year, embark on a two-year plan of study toward an Honors Associate of Arts or Associate of Science degree. Part of the international capstone experience includes a trip to Italy which occurs during the graduating semester in Spring 2018. Ninety students will participate in cultural visits and activities as a larger group, but also work in smaller groups to conduct primary research related to their fields of study (e.g. medicine, environmental science, literature, and history). This international, interdisciplinary study will be transformational as students apply to transfer to top institutions and specific programs at those institutions - all while meeting the Honors College mission of providing opportunities for challenging, engaging undergraduate scholarship and global literacy.

At its November 5, 2015 meeting, the Board of Trustees approved four vendors to provide student group travel services through a formal request for qualifications process in compliance with Texas Education Code §44.031 (a). Trips with total expenditures of $100,000 or more are required to be submitted for board approval separately. Quotes were requested from three approved vendors.

Fiscal Impact: The sum of $325,000 for the travel will be included in the proposed FY 2018 LSC-System Office operating budget. A $60,000 deposit will be made in FY 2017.

Staff Resource: Alicia Harvey-Smith  832-813-6648
Jennifer Olenick  832-813-6512
Financial Report and Consideration No. 8  (ACTION ITEM 14)  Board Meeting 5-4-17

Request: Consideration of Approval to Authorize the Chancellor or Designee to Negotiate and Execute a Change Order to the Construction Manager at Risk (“CMAR”) Guaranteed Maximum Price (“GMP”) Contract on Behalf of Lone Star College (the “College”) for Construction Services for the LSC-Kingwood Petrochemical/Refinery Simulation Laboratory

Chancellor’s Recommendation: That the Board of Trustees authorize the Chancellor or designee to negotiate and execute a Change Order to the CMAR GMP contract on behalf of the College with Tellepsen Industrial, LLC (“Tellepsen”), 3508 East Pasadena Blvd., Pasadena, Texas 77503, to add construction services up to $550,894 for the LSC-Kingwood Petrochemical/Refinery Simulation Laboratory for a total revised contract sum not exceeding $2,550,894.

Rationale: At the December 3, 2015 meeting, the Board of Trustees approved Tellepsen to provide CMAR services in a sum not exceeding $2,000,000 for the design and construction of the Petrochemical/Refinery Simulation Training Laboratory through a formal Request for Proposal process in compliance with the provisions of the Texas Government Code Section 2269.253. The rationale section of the agenda item noted that a GMP would be presented for recommended approval to the Board of Trustees at a future date once the design was complete and the bids were received from subcontractors.

The table below summarizes the original contract and GMPs approved by the Board of Trustees to date. A change order may now be required for construction services related to additional facility infrastructure in the following areas: American Disabilities Act (“ADA”) accessibility requirements, and install of the following: a collection sump to remove contaminates; a desalinization unit; an air unit system; and lighting.

<table>
<thead>
<tr>
<th>Tellepsen Contract Summary</th>
<th>Board Approval</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Board Approval</td>
<td>12/3/2015</td>
<td>Petrochemical/refinery simulation laboratory</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>1st GMP (Ratification)</td>
<td>9/1/2016</td>
<td>Pre-construction services</td>
<td>$264,600</td>
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<tr>
<td>2nd GMP</td>
<td>4/6/2017</td>
<td>Construction services</td>
<td>$1,735,400</td>
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<tr>
<td>Proposed Change Order</td>
<td>5/4/2017</td>
<td>Additional Construction Services for ADA accessibility</td>
<td>$550,894</td>
</tr>
</tbody>
</table>
and other utility and facility infrastructure

| Total | $2,550,894 |

**Fiscal Impact:** $550,894 for this change order is available from the General Obligation Bonds, Series 2015A.

**Staff Resource:**
- Katherine Persson 281-312-1640
- Jennifer Olenick 832-813-6512
Request: Consideration and Authorization for the Chancellor or Designee to Execute Proposed Employment Contracts for the Attached Individuals

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

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

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

Staff Resource: Mario K. Castillo 832-813-6655
<table>
<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
<th>Not-to-Exceed Contract Sum</th>
<th>Hire Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christina Boutte</td>
<td>Campus Director, Career, Technology &amp; Continuing Education</td>
<td>$65,255</td>
<td>2/16/2017</td>
</tr>
<tr>
<td>Brooke Buford</td>
<td>Associate Professor/Reference Librarian</td>
<td>$60,667</td>
<td>7/1/2014</td>
</tr>
<tr>
<td>Amy Griffin</td>
<td>Director, Advising/Counseling</td>
<td>$63,976</td>
<td>3/1/2017</td>
</tr>
<tr>
<td>Jessica Holloway</td>
<td>Senior Communications Officer</td>
<td>$95,170</td>
<td>3/1/2017</td>
</tr>
<tr>
<td>Mia Jones</td>
<td>Workforce Skilled Trade Instructor, Patient Care</td>
<td>$31,192</td>
<td>2/16/2017</td>
</tr>
<tr>
<td>Theodore Louie</td>
<td>Vice President, Administrative Services</td>
<td>$116,662</td>
<td>2/16/2017</td>
</tr>
<tr>
<td>Roger Mayes</td>
<td>Director, HR Employee Relations</td>
<td>$84,502</td>
<td>2/16/2017</td>
</tr>
<tr>
<td>Reginald Peters</td>
<td>Senior Manager, P-16 &amp; Dual Credit</td>
<td>$63,976</td>
<td>3/1/2017</td>
</tr>
<tr>
<td>Wendy Wilson</td>
<td>Senior Manager, Developmental Education</td>
<td>$63,976</td>
<td>2/21/2017</td>
</tr>
</tbody>
</table>
Personnel Report and Consideration No. 2  (ACTION ITEM 16)   Board Meeting 5-4-17

Request:  Consideration and Authorization for the Board of Trustees to Appoint the Associate Vice Chancellor & Chief Human Resources Officer as the New Plan Administrator for the Chancellor’s Executive Retirement Plans

Chancellor’s Recommendation:  That the Board of Trustees approve the appointment of the Associate Vice Chancellor & Chief Human Resources Officer as the new Plan Administrator for the Chancellor’s Executive Retirement Plans.

Rationale:  The current Plan Administrator for the Chancellor’s Executive Retirement Plans is the Vice Chancellor of College Services & Chief Information Officer. Employee benefits, including the Chancellor’s Executive Retirement Plans, are the purview of the Office of Human Resource. This change therefore better aligns Plan Administrator responsibilities with functional duties performed by the Office of Human Resources. Plan documents require Board action before this change can occur.

Fiscal Impact:  None.

Staff Resource:  Mario K. Castillo  832-813-6655
WRITTEN CONSENT

The undersigned, being duly authorized to act in this matter by and on behalf of Lone Star College System (the "Employer"), does hereby agree to the following:

WHEREAS, the undersigned officer of the Employer affirms that the Board of the Employer ("Board") has previously established the Lone Star College System 401(a) Executive Plan and the Lone Star College System 457(b) Executive Deferred Compensation Plan and the Lone Star College System 457(f) Executive Deferred Compensation Plan (the “Plans”).

NOW, THEREFORE, that the undersigned officer of the Employer hereby affirms that the Board has approved the actions listed herein; and

AGREED FURTHER, that the Employer approves the appointment of the Associate Vice Chancellor/Chief Human Resources Officer, as the Plan Administrator as defined in all documents related to the Plans, including the execution of future documents, amendments, administrative and investment contracts, trust and/or custodial agreements and any other documents necessary for the operations of the Plans.

The undersigned represents that he or she has authority to execute this Written Consent on behalf of the Employer, has executed this Written Consent as of the _____ day of _____, 2017, and that the appointment of the aforementioned Officer as the new Plan Administrator shall be effective as of this date.

AUTHORIZED SIGNATURE:

________________________________________
Signature

________________________________________
Name

________________________________________
Title
Report: Monthly Financial Statements

The financial statements for the month ended March 31, 2017 are presented for Board review.
ACTUAL REVENUES AS A % OF BUDGET
9/1 THROUGH 3/31

- 77.3% (2012-13)
- 78.4% (2013-14)
- 79.4% (2014-15)
- 78.8% (2015-16)
- 82.5% (2016-17)
ACTUAL EXPENDITURES AS A % OF BUDGET
9/1 THROUGH 3/31

---       | ---      | ---      | ---      | ---
51.1%     | 52.4%    | 54.0%    | 54.6%    | 54.1%
LONE STAR COLLEGE

Statement of Revenues and Expenditures
General and Auxiliary Funds
YTD March 31, 2017
Unaudited

<table>
<thead>
<tr>
<th>BUDGET</th>
<th>FORECASTED</th>
<th>FISCAL YTD</th>
<th>% ACTUAL TO BUDGET</th>
<th>PRIOR YEAR ACTUAL</th>
<th>PRIOR YEAR TO BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VARIANCE</td>
<td>ACTUAL</td>
<td>58% FY ELAPSED</td>
<td>FISCAL YTD 3/31/16</td>
<td>58% FY ELAPSED</td>
</tr>
</tbody>
</table>

REVENUES:

- **State Appropriations**: $74,051,000
- **Tuition and Fees**: $119,381,000
- **Taxes**: $134,613,000
- **Investments**: $365,000
- **Other**: $5,962,000

Total Current Operations Revenues: $334,372,000

- **Auxiliary Revenues**: $13,290,000

Total Revenues: $347,662,000

EXPENDITURES:

- **Instruction-Academic**: $84,835,923
- **Instruction-Workforce**: $29,659,924
- **Public Service**: $630,068
- **Academic Support**: $53,111,126
- **Student Services**: $45,983,018
- **Institutional Support**: $36,591,212
- **Plant Operation and Maintenance**: $24,484,249
- **Staff Benefits**: $32,448,249

Total Educational and General Expenditures: $317,076,928

- **Repair, Replacement and Other Internally Designated**: $5,562,000
- **Auxiliary**: $12,553,450

Total Expenditures: $335,192,378

Other Changes - Debt Service & Fund Transfers: $7,500,000

Total Expenditures & Transfers: $342,692,378

NET INCREASE IN FUND BALANCES:

- **General Funds**: $4,969,622
- **Auxiliary Funds**: $736,550

Total Net Increase in Fund Balances: $5,706,172

LONG TERM CASH RESERVES:

- **Revised Forecasted Net Increase in Fund Balance**: $12,029,256
- **FY 2017 "One-Time" Cash Transactions**: $847,126
- **Beginning Cash Reserves, 9/1/2016**: $42,055,920
- **Forecasted Cash Reserves, 8/31/2017**: $53,238,050

Total Net Increase in Fund Balances: $77,116,577

LONG TERM CASH RESERVES AS A % OF EXPENDITURES: 16.0%
## Balance Sheet

**March 31, 2017**

**Unaudited**

### ASSETS

<table>
<thead>
<tr>
<th>Description</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>$115,475,605</td>
<td>$288,270,560</td>
<td>$403,746,165</td>
<td>$297,327,772</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>25,332,853</td>
<td>8,983,372</td>
<td>4,958,392</td>
<td>39,274,617</td>
<td></td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>15,833,986</td>
<td>-</td>
<td>-</td>
<td>11,815,017</td>
<td></td>
</tr>
<tr>
<td>Inventories, at cost</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,505</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>-</td>
<td>-</td>
<td>797,709,896</td>
<td>787,661,920</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

156,642,444 297,253,932 802,668,288 1,256,564,664 1,133,527,428

### Deferred Outflows

<table>
<thead>
<tr>
<th>Description</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>Deferred Outflows</td>
<td>-</td>
<td>-</td>
<td>21,100,577</td>
<td>21,100,577</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL ASSETS AND DEFERRED OUTFLOWS**

$156,642,444 297,253,932 823,768,865 1,277,665,241 1,142,391,528

### LIABILITIES AND FUND BALANCES

### LIABILITIES:

<table>
<thead>
<tr>
<th>Description</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>Accounts payable &amp; Accrued Absences Payable</td>
<td>$7,326,658</td>
<td>$11,020,726</td>
<td>$18,347,384</td>
<td>$14,363,580</td>
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</tr>
<tr>
<td>Deferred revenues</td>
<td>8,010,895</td>
<td>5,299,816</td>
<td>-</td>
<td>13,240,711</td>
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</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
<td>4,237,464</td>
<td>-</td>
<td>3,883,947</td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>-</td>
<td>-</td>
<td>828,494,621</td>
<td>736,583,865</td>
<td></td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>-</td>
<td>-</td>
<td>51,162,604</td>
<td>48,590,998</td>
<td></td>
</tr>
<tr>
<td>Assets held in custody for others</td>
<td>-</td>
<td>7,488,485</td>
<td>-</td>
<td>7,833,737</td>
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<tr>
<td>L/T Due to Other Local Government</td>
<td>-</td>
<td>16,237,501</td>
<td>-</td>
<td>-</td>
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</table>

**TOTAL LIABILITIES**

15,337,553 44,733,902 879,657,225 939,468,770 823,790,619

### Deferred Inflows

<table>
<thead>
<tr>
<th>Description</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>Deferred Inflows</td>
<td>-</td>
<td>-</td>
<td>23,436,941</td>
<td>14,864,130</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND DEFERRED INFLOWS**

15,337,553 44,733,902 903,094,288 962,905,711 838,654,749

### TOTAL FUND BALANCES

141,304,891 252,779,940 (79,325,301) 314,759,530 303,736,779

**TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**

$156,642,444 297,253,932 823,768,865 1,277,665,241 1,142,391,528

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*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 MARCH 31, 2017**

<table>
<thead>
<tr>
<th>OPERATING FUNDS 03/31/2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING CASH</strong></td>
<td></td>
</tr>
<tr>
<td>POOLS</td>
<td>$59,969,696</td>
</tr>
<tr>
<td>MONEY MARKET ACCOUNTS</td>
<td>$1,794,546</td>
</tr>
<tr>
<td>Operating Cash - Subtotal</td>
<td>$61,764,242</td>
</tr>
<tr>
<td><strong>CASH RESERVES</strong></td>
<td></td>
</tr>
<tr>
<td>US GOVT. AGENCIES</td>
<td>$40,835,734</td>
</tr>
<tr>
<td>MUNICIPAL BOND</td>
<td>$4,232,603</td>
</tr>
<tr>
<td>COMMERCIAL PAPER</td>
<td>$6,976,804</td>
</tr>
<tr>
<td>Cash Reserves - Subtotal</td>
<td>$52,045,141</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$113,809,383</td>
</tr>
</tbody>
</table>
Report: Construction Projects Update

The monthly construction projects update is presented for Board review.
CONSTRUCTION PROJECTS UPDATE
As of April 6, 2017

2014 General Obligation Bond Program Projects Summary

LSC-CyFair
- **Instruction and Student Life Building**: Metal panel installation is complete on the exterior of Area A. Permanent power is now available with painting, millwork, door hanging, ceiling tile installation nearing completion in class rooms. Audio/visual (“A/V”) installation on speaker work and support system of projectors is in progress. Elevators are now installed. Permanent gas to start up boilers and temporary air conditioning is nearing completion. Start-up and commissioning of mechanical and electrical equipment continues. Landscaping and tree planting is nearing completion. Movable furniture is on order and had to be rescheduled for delivery in mid-May. Chiller piping is now tied-in and cleaning of lines is complete. Project completion has been revised due to the permanent power delay until mid to late June 2017.
- **Cypress Center Workforce Expansion**: Exterior walls are waterproofed and masonry has started. Mechanical and electrical work is progressing in both the building addition and renovated existing spaces. Furniture for the project is on order. Project is still tracking to be complete by the end of July 2017.
- **Information Technology & Visual Communications Satellite Center**: Project contract has been approved, but final price negotiations are still ongoing. Expected completion is Spring 2018.

LSC-Kingwood
- **Student Services Center Expansion**: Exterior metal panel installation is nearing completion. MEP is ready for above ceiling city inspection. Interior construction continues and guardrail installation is underway. Ceiling devices and fixtures are installed. Installation of floor tile, carpet, and wall tile is underway. Painting is in progress. Construction is expected to be complete by the end of April 2017.
- **Process Technology Center**: Exterior framing is complete, and sheathing and waterproofing continues. Roofing is underway. Level 1 interior framing continues. Wall and above-ceiling mechanical, electrical and plumbing (“MEP”) has been challenging, but is progressing. Furniture bids have been received and will be evaluated. Utility service to the site is currently underway. Construction is expected to be complete by late August 2017.

LSC-Montgomery
- **Live Entertainment Technology Building**: Commissioning is underway. A/V, furniture, and specialty equipment are on order.

LSC-North Harris
- **Construction & Skilled Trades Technology Center**: MEP wall and overhead rough in, roofing and exterior wall waterproofing are complete. Masonry, windows, and interior sheetrock are in progress. The Heating, Ventilation and Air Conditioning
(“HVAC”) system has been started to condition the interior space and interior finishes have begun. Construction is expected to be complete in July 2017.

- **East Aldine Satellite Center**: Architectural drawings for Aldine Independent School District (“AISD”) Early College need to be completed and rebid. Following the conclusion of the bid process, a revised guaranteed maximum price (“GMP”) contract is expected to be presented to the Board of Trustees for consideration of approval in August. Construction for the East Aldine Satellite Center and AISD Early College is expected to be completed in early 2019.

- **Relocate Electrical Service Underground**: The service cut over did not occur as planned for the week of March 13 because of the late delivery of electrical switches to the contractor. Two of three switches have arrived and been installed. The third switch is due any day and the cut over will occur over two consecutive weekends. Construction is expected to be complete by the end of April 2017.

- **Central Plant Renovations**: The GMP contract is in process. Construction is expected to be complete in the third quarter of 2017.

**LSC-Tomball**

- **South Entrance Drive**: Board of Trustees approval has been received. Negotiation with the successful bidder is in progress. Campus personnel have been coordinating the new entrance and the SH 249 expansion projects.

**LSC-University Park**

- **Science and Innovation Building**: The interior and exterior are nearly complete, but delays in construction of the domestic and sanitary water service by the local municipal utility district (“MUD”) and the installation of the geological wall exhibit area are going to delay occupancy until at least late Summer 2017.

- **Buildings 12 & 13 Entrance Canopy and Parking**: A traffic impact study has been requested from the business park association prior to them approving the project.

- **Library Remodel, Building 13 Level 8**: The GMP contract has been rejected due to non-agreement on final project price. The project team is working with the architect and Purchasing to prepare the construction documents to issue a competitive sealed proposal (“CSP”). The project schedule will be adjusted to accommodate this change.

- **Kitchen Removal, Commons Building Level 1**: Construction documents were issued for bid in March. Preparing the GMP contract for an anticipated submission to the Board of Trustees for consideration of approval at the June meeting. Construction is expected to be complete this summer.

**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.