### III.B.1.7. Budget Amendment by the Board

The Board may amend the adopted budget at any time during the fiscal year.

### III.B.1.8. Budget Availability

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

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

### III.B.1.9. Financial Reports and Statements

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

*LSCS Policy Manual Section adopted by the Board of Trustees on September 6, 2018*

### III.B.2. Indirect Costs

### III.B.2.1 Policy

The College renews and maintains a federal indirect cost rate in conformance with federal law.

### III.B.2.2. Definition

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

### III.B.2.3. Charging Indirect Costs on Grants and Contracts

College personnel must seek the maximum indirect cost allowed by the funder for all grants and contracts. The Chancellor must approve any exception in writing.

*LSCS Policy Manual Section adopted by the Board of Trustees on February 2, 2017*

## 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) Hedging Transactions** means contracts and related security, credit, and insurance agreements designed to protect the College from economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

**(d) 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.

**(e) 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.

**(f) 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.

### III.C.2.12. Annual Board Review of Brokers/Dealers

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 any investment authorized by Texas Government Code Chapter 2256 or its successor statute.

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, moneymarket 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. Hedging Transactions**

As permitted by state law, the College may enter into hedging transactions related to commodities the College uses in its general operations or related to certain capital projects or other eligible projects. All hedging transactions must fully comply with all relevant state and federal laws, including Texas Government Code Chapter 2256 or its successor statute, the regulations of the federal Commodity Futures Trading Commission, and SEC regulations. Amounts the College receives under hedging transactions may be credited against expenses associated with a commodity purchase, and amounts the College pays under hedging transactions may be considered a maintenance and operations expense, an acquisition expense, a construction expense, or a project cost.

**III.C.2.19. 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.2.20. 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.2.21. 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.2.22. 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.2.23. 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.

*LSCS Policy Manual Section adopted by the Board of Trustees on March 1, 2018*
*LSCS Policy Manual Section reviewed by the Board of Trustees on November 12, 2020*

## 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.

*LSCS Policy Manual Section adopted by the Board of Trustees on May 4, 2017*

## III.D. PURCHASING

### III.D.1. Purchasing Overview

#### III.D.1.1. Policy

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

#### III.D.1.2. Definitions

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

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

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

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

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

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