

**REGULAR MEETING OF THE BOARD OF TRUSTEES
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
DISTRICT SERVICES AND TRAINING CENTER
TRAINING AND DEVELOPMENT CENTER BOARD ROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
February 2, 2006
6:00 p.m.**

- I.** Call to Order
- II.** Pledge of Allegiance
- III.** Certification of the Posting of the Notice of the Meeting
- IV.** Introductions, Special Guests, Recognitions
- V.** Approval of the Minutes of the November 29, 2005 Special Meeting and the December 1, 2005 Workshop Meeting and Regular Meeting
- VI.** Citizens Desiring to Address the Board
- VII.** Special Reports and Announcements
 - 1. Chancellor
 - 2. College Presidents
 - 3. Vice Chancellors
 - 4. Faculty Senate Presidents
 - 5. Other

Summary Report of Awards of Funding Proposals
- VIII.** Institutional Effectiveness Report
 - High School Penetration Comparing Numbers of High School Seniors and Fall 2005 Credit Students
- IX.** Consideration of Consent Agenda

(The purpose of the consent agenda is to allow the Board to identify and approve action items which require no additional information or discussion and for which there is unanimous

approval. Trustees receive agenda materials one week in advance of the meeting to prepare for the business to be conducted.)

X. Policy Report and Consideration

1. Consideration of Approval of Revised Board Policy CAK (Local): Investment and Cash Management Policy (**FIRST READING**)
2. Consideration of Approval for Board of Trustees Travel (**ACTION ITEM 1**)

XI. Curriculum Report and Consideration

Consideration of Approval of Degree and Certificate Program Offerings in an On-line Format (**ACTION ITEM 2**)

XII. Financial Reports and Considerations

1. Monthly Financial Statements
2. Quarterly Investment Report
3. Consideration of Approval to Establish an Investment Account with TreasuryDirect (**ACTION ITEM 3**)
4. Consideration of Acceptance of Gifts (**ACTION ITEM 4**)
5. Consideration of Award of Contract for Printing the 2005-2006 District Catalog (**ACTION ITEM 5**)
6. Consideration of Approval of Interim Lease of Wastewater Treatment Capacity from Municipal Utility District (MUD) 155 for Cy-Fair College (**ACTION ITEM 6**)
7. Consideration of Ratification of the Purchase of a Variable Frequency Drive for the One Thousand Ton Chiller at North Harris College (**ACTION ITEM 7**)
8. Consideration of Approval to Repair Existing Sidewalks and Upper Walkway Drains at North Harris College (**ACTION ITEM 8**)
9. Consideration of Ratification of Change Order No. 2 for the Boiler Replacement Project at North Harris College (**ACTION ITEM 9**)
10. Consideration of Approval of Change Order No. 1 to Gilbane's Guaranteed Maximum Price (GMP) Contract for the Library and Wellness Center at Tomball College (**ACTION ITEM 10**)

11. Consideration of Approval of Snack and Beverage Resale/Retail Food Service Providers List for the District (**ACTION ITEM 11**)
12. Consideration of Approval of an Amendment to the Macromedia Premier Education Program Agreement with the District (**ACTION ITEM 12**)
13. Consideration of Ratification of the Purchase of Additional Office Furniture for the District Services and Training Center (DSTC) (**ACTION ITEM 13**)
14. Consideration of Approval of the Lease of an Automatic Document Inserting Machine for the Accounts Payable Department at the District Services and Training Center (DSTC) (**ACTION ITEM 14**)
15. Consideration of Ratification of an Agreement for the Grant of Easement to Canyon Lakes 1892, LTD (a Land Tejas entity) (**ACTION ITEM 15**)
16. Consideration of Approval of Purchase of an On-Line Applicant Tracking System for the District (**ACTION ITEM 16**)
17. Consideration of Ratification of an Agreement for the Short-Term Purchase of Electricity Supply Services for the District from a Retail Electric Provider (REP), and Authorize the Chancellor or Designee to enter into Additional Short-Term Purchase Agreements (**ACTION ITEM 17**)

XIII. Building and Grounds Report

Construction Projects Update

XIV. Personnel Reports and Considerations

1. Consideration of Ratification of Appointments (**ACTION ITEM 18**)
2. Consideration of Acceptance of Resignations (**ACTION ITEM 19**)

XV. Suggested Future Agenda Items

XVI. Adjournment

The Board of Trustees, may at any time prior to adjournment, in accordance with Sections 551.001, et seq. of the Texas Government Code, move into Closed Session under the following provision(s) of the ACT:

Section 551.071 - Consultation With Attorney
Section 551.072 - Deliberation Regarding Real Property
Section 551.073 - Deliberation Regarding Prospective Gift

Section 551.074 - Personnel Matters

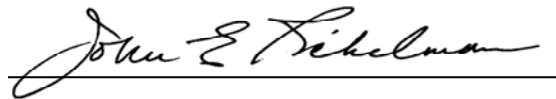
Section 551.076 - Deliberation Regarding Security Devices

Section 551.086 - Economic Development Negotiations

**Certification of Posting of Notice to the February 2, 2006
Regular Meeting of the
North Harris Montgomery Community College District's
Board of Trustees**

I, John E. Pickelman, Chancellor of the North Harris Montgomery Community College District, do hereby certify that a notice of this meeting was posted on Monday, the 30th day of January, 2006, in a place convenient to the public in the Administration Office of the District Services and Training Center and on all college campuses as required by Section 551.001 et seq., Texas Government Code.

Given under my hand this the 30th day of January, 2006.

A handwritten signature in cursive script, reading "John E. Pickelman", is written above a horizontal line.

John E. Pickelman, Ph.D.
Chancellor

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
DISTRICT SERVICES AND TRAINING CENTER
CONFERENCE ROOM 202
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
November 29, 2005
12:00 p.m.**

- I. **CALL TO ORDER:** Mr. McIver called the special teleconference meeting to order at 12:13 p.m. after a roll call confirmed that a quorum was present.
- II. **CERTIFICATION OF THE POSTING OF THE NOTICE OF THE MEETING:** Chancellor Pickelman confirmed that the Notice for the meeting had been properly posted. No action was required. A copy is attached as Exhibit "A".
- III. **ACKNOWLEDGEMENT OF THE MINUTES OF THE APRIL 7, 2005 WORKSHOP MEETING AND APPROVAL OF THE MINUTES OF THE APRIL 7, 2005 REGULAR MEETING AND THE AUGUST 4, 2005 WORKSHOP MEETING:** Upon a motion by Mr. Bates, and a second to the motion by Dr. Campbell, the Board acknowledged the minutes of the April 7, 2005 Workshop Meeting as follows:

<u>YEA</u>	<u>ABSTAIN</u>
Mr. McIver	Ms. Kelly
Mr. Bates	Mr. Vogt
Dr. Campbell	
Ms. Matteson-Parrish	

Upon a motion by Mr. Vogt, and a second to the motion by Ms. Matteson-Parrish, the Board approved the minutes of the April 7, 2005 Regular Meeting as follows:

<u>YEA</u>	<u>ABSTAIN</u>
Mr. McIver	Ms. Kelly
Mr. Vogt	
Mr. Bates	
Dr. Campbell	
Ms. Matteson-Parrish	

Upon a motion by Dr. Campbell, and a second to the motion by Ms. Kelly, the Board approved the minutes of the August 4th Workshop Meeting as follows:

YEA

Mr. McIver
Mr. Vogt
Mr. Bates
Dr. Campbell
Ms. Kelly

ABSTAIN

Ms. Matteson-Parrish

IV. **ADJOURNMENT:** There being no further business, the meeting was adjourned at 12:15 p.m.

ATTEST:

Board Chair

Board Secretary

**MINUTES OF THE
WORKSHOP MEETING OF THE BOARD OF TRUSTEES
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
DISTRICT SERVICES AND TRAINING CENTER
TRAINING AND DEVELOPMENT CENTER BOARDROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
December 1, 2005
5:00 p.m.**

PRESENT: Mr. David McIver, Chair
Mr. David Vogt, Vice Chair
Ms. Maria Flotte O'Neill, Secretary
Mr. John Fox, Assistant Secretary
Dr. Richard Campbell
Ms. Priscilla Kelly
Ms. Stephanie Marquard

ABSENT: Mr. Randy Bates
Ms. Mary Matteson-Parrish

- I. **CALL TO ORDER:** Mr. McIver called the meeting to order at 5:07 p.m.
- II. **CERTIFICATION OF THE POSTING OF THE NOTICE OF THE MEETING:**
Chancellor Pickelman confirmed that the Notice for the meeting had been properly posted. No action was required. A copy is attached as Exhibit "A".
- III. **CLOSED SESSION:** At 5:10 p.m. Mr. McIver convened the Board in closed session, in accordance with Section 551.001 et. seq. of the Texas Government Code under the following provision(s) of the Act:
Section 551.072 – Deliberation Regarding Real Property
Section 551.074 – Personnel Matters.
- IV. **RECONVENE OPEN MEETING:** Mr. McIver reconvened the Open Meeting at 5:20 p.m.
- V. **CONFER WITH CHANCELLOR/STAFF:** Chancellor Pickelman provided certain information regarding operations of the District and welcomed Dr. Martin Basaldua.
- VI. **ADJOURNMENT:** the meeting was adjourned at 6:00 p.m.

ATTEST:

David McIver, Board Chair

John Fox, Assistant Board Secretary

**MINUTES OF THE
WORKSHOP MEETING OF THE BOARD OF TRUSTEES
NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
DISTRICT SERVICES AND TRAINING CENTER
TRAINING AND DEVELOPMENT CENTER BOARDROOM
5000 RESEARCH FOREST DRIVE
THE WOODLANDS, TEXAS 77381
December 1, 2005
5:00 p.m.**

PRESENT: Mr. David McIver, Chair
Mr. David Vogt, Vice Chair
Ms. Maria Flotte O'Neill, Secretary
Mr. John Fox, Assistant Secretary
Dr. Richard Campbell
Ms. Priscilla Kelly
Ms. Stephanie Marquard

ABSENT: Mr. Randy Bates
Ms. Mary Matteson-Parrish

I. CALL TO ORDER: Mr. McIver called the meeting to order at 5:07 p.m.

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

III. CLOSED SESSION: At 5:10 p.m. Mr. McIver convened the Board in closed session, in accordance with Section 551.001 et. seq. of the Texas Government Code under the following provision(s) of the Act:

Section 551.072 – Deliberation Regarding Real Property
Section 551.074 – Personnel Matters.

IV. RECONVENE OPEN MEETING: Mr. McIver reconvened the Open Meeting at 5:20 p.m.

V. CONFER WITH CHANCELLOR/STAFF: Chancellor Pickelman provided certain information regarding operations of the District and welcomed Dr. Martin Basaldua.

VI. ADJOURNMENT: the meeting was adjourned at 6:00 p.m.

ATTEST:

David McIver, Board Chair

John Fox, Assistant Board Secretary

Special Report and Announcement

Board Meeting 2-2-06

Report: Summary Report of Awards of Funding Proposals:

The following report includes a listing of the funding proposals that have been awarded during the first quarter (September 2005, October 2005, and November 2005). The first page of the report includes summary data for the first quarter.

<u>Awarded Grants</u>	Quarter 1st	Cumulative Quarters 1 – 4
Total Amount of Awards	\$1,159,606	\$1,159,606
Total Number of Grants Awarded	6	6
NHMCCD is Fiscal Agent	6	6
<u>Pending Proposals</u>		Cumulative
Number of Pending Proposals		9
Amount of Pending Proposals		\$2,198,786

Grant Awards Received Between September 1st and November 30th, 2005

NHMCCD Grants

1. Grant Title: **SBC Excellerator**
Source: **SBC Corporation**
Amount Awarded: **\$15,000**
Latest Date Awarded: 10/25/2005
Project Director: Felecia Moore-Davis
College: Cy-Fair College
External Partners: None
Duration: 1 Year

Description and Outcomes:

This grant will support purchasing data communications services, hardware, and application development for a high performance computing program that will prepare students with the skills needed to succeed in technology.

The Cy-Fair Grid project will utilize equipment donated by the ConocoPhillips and the Texas Educational Grid Project team to develop the Cy-Fair PC Cluster. Throughout this development process, students will be responsible for configuring each of the 12 donated nodes (high powered PCs) for maximum processing usage and then “networking” each node together to create a cluster that will produce approximately 17 gigaflops of processing power. This amount of processing power can process literally thousands of tasks per second. Once the Grid is in operation, requests for processing time on the Grid-Cluster will begin. As the core site, all data process requests will be coordinated by Cy-Fair and will be allocated to partnering Grid sites according to site capabilities.

The outcomes of this project will be:

- Students will network 12 nodes to build a PC Cluster with over 17 gigaflops of processing power, using donated equipment
- A Grid-Cluster will be built among at least 15 organizations using the student built PC Cluster
- Students, educators, businesses and community organizations will collaborate on building the Grid-Cluster, converging education with the community

- Working with Project leads, faculty and students, Cy-Fair and various community, non-profit organizations, businesses and institutions will process large amounts of data on the Grid-Cluster, producing a reduction of process time
- The Grid-Cluster will provide over 17 gigaflops of processing power to businesses, community and non-profit organizations and other institutions that require high processing power for data processing but lack the ability to build and/or maintain the compute power in-house because of resource limitations
- Provide free data processing for non-profit organizations
- Students work directly with organizations to create manage process time requests and actually process incoming data requests through **Service Learning** signature, providing real work experience that will be used for resume writing
- Project will provide a continuous pool of highly skilled and highly qualified students
- Students receive cross training in team work, project management, mathematical statistics, business relations, public relations communication, programming, and networking

2. Grant Title: **NHMCCD Student Success Initiative**

Source: **Houston Endowment Inc.**

Amount Awarded: **\$622,000**

Latest Date Awarded: 10/24/2005

Project Director: Lea Campbell, Ph.D.

College: NHMCCD

External Partners: None

Duration: 2 Years

Description and Outcomes:

In October, 2005, the NHMCCD Foundation received a grant of \$622,000, over two years from the Houston Endowment. Projects funded during Year One under this new grant include:

- Expansion of the McCabe Bridge Partnership from 7 to 12 high schools with an expected participation of 1800 high school students;

- On going support of the Summer Bridge Program including stipends for mentors and campus-based program coordinators, 200 \$100 scholarships, and funding to purchase classroom sets of textbooks;
- Continued development of the exit assessments for Developmental Math and English; and
- Development of non-course-based remediation options.

The Houston Endowment also provided funding for three part-time counselors to help with the recruitment and advising of the McCabe Bridge students.

The Houston Endowment grant is being managed through the Office of Student Success Initiatives in partnership with the NHMCCD Foundation.

3. Grant Title: **Knox Honors Program**

Source: **The Knox Foundation**

Amount Awarded: **\$2,500.00**

Latest Date Awarded: 7/26/2005

Project Director: Debbie Lackey

College: NHMCCD

External Partners: None

Duration: 1 year

Description and Outcomes:

Funds will be spread out across the five campuses to support the Honors Program by expansion of scholarships, faculty development, and civic/cultural enrichment.

4. Grant Title: **TRIO Support Services Program (SSS) – Supplemental Award**

Source: **U.S. Department of Education**

Amount Awarded: **\$75,000**

Latest Date Awarded: 9/30/2005

Project Director: Dr. Vicki Stanfield

College: Cy-Fair College

External Partners: None

Duration: 1 Year

Description and Outcomes:

This supplemental award was made in recognition of the substantial adverse impact the recent hurricanes have had on students who reside or attend schools in the Gulf Coast region. The award letter from the Department of Education read "Your institution opened its doors and welcomed students whose home institutions are temporarily inoperable, in addition to serving the needs of your own students from the hurricane ravaged region."

The Student Support Services (SSS) program provides opportunities for academic development, assists students with basic college requirements, and serves to motivate students towards the successful completion of their postsecondary education. The SSS program may also provide grant aid to current SSS participants who are receiving Federal Pell Grants. The goal of SSS is to increase the college retention and graduation rates of its participants and facilitate the process of transition from one level of higher education to the next. The program serves 150 students annually for four years. SSS has the potential to be self-sustaining program.

5. Grant Title: **Nursing Innovation Grant Program**
Source: **Texas Higher Education Coordinating Board**
Amount Awarded: **\$35,000**
Latest Date Awarded: 11/8/2005
Project Director: Mary Yoho, RN, MSN, PhD(c)
College: Tomball College
External Partners: None
Duration: 1 year

Description and Outcomes:

During the 79th Legislature, Senate Bill 132 charged the Texas Higher Education Coordinating Board to, "identify, develop, and study strategies for increasing graduation rates from initial RN licensure programs". In November 2005, Dr. Carol Rainey of the Texas Higher Education Coordinating Board announced the formation of a new Committee to Increase RN Graduates in Texas. Five regions of Texas were established, and nursing directors were appointed to each region. Mary J. Yoho, RN, MSN, PhD(c), Director of Nursing Programs, Tomball College, was appointed Region 3 Project Director, which includes the 16 schools of nursing in the Gulf Coast area.

The Texas Higher Education Coordinating Board charge to the Committee to Increase RN Graduates in Texas includes:

- A. The committee shall identify, develop, and study strategies for increasing graduation rates from professional nursing programs in this state, and determine which of those strategies are likely to be effective.
- B. Not later than January 1, 2007, the committee shall report to the legislature concerning the results of the study. The report must include the committee's recommendations for implementing effective strategies for increasing graduation rates from professional nursing programs.
- C. The committee shall use existing resources to perform these duties.

Outcomes of the study include the identification of factors which have the greatest impact on graduation rates, pass rates on the NCLEX-RN (national nursing licensure examination), nursing program pass rates, and persistence rates of students enrolled in initial RN licensure programs in Texas. Strategies and best practices associated with increased graduation rates will be developed and shared at a state-wide conference on retention of nursing students scheduled for March 2007.

Partnership Grants

- 5. Grant Title: **Project Great – Adult Education State Leadership**
- Source: **Texas Education Agency**
- Amount Awarded: **\$384,000**
- Latest Date Awarded: 9/28/2005
- Project Director: Anne Albarelli and Tina Washco
- College: Cy-Fair College
- External Partners: Harris County Department of Education
- Duration: 1 Year

Description and Outcomes:

This is a continuation project of The Texas Education Agency and Texas LEARNS grant for the regional Project GREAT Centers of Excellence in Texas. These centers, located in each of the eight regions across Texas, are responsible for professionally training adult education teachers and creating and implementing a credential program that would add credibility to the field

of adult education. The project will achieve these goals: 1) coordinate regional training activities for adult education and family literacy programs; 2) meet the local professional development needs for technical assistance, technology assistance, and scientific-research based instruction; 3) manage regional Texas Adult Education Credential Model; and 4) facilitate statewide initiatives (including, but not limited to: Bridges to Practice, Texas Curriculum Frameworks).

6. Grant Title: **Landmark College – Needs Based Practice**
Source: **U.S. Department of Education**
Amount Awarded: **\$26,106.38**
Latest Date Awarded: 10/1/2005
Project Director: Sandi Patton
College: NHMCCD
External Partners: Landmark College is the lead. Partners are NHMCCD; The Community College of Vermont, The Community College of Allegheny County, PA, The Houston Community College System and Western Nevada Community College
Duration: 1 Year

Description and Outcomes:

The purpose of the grant is to develop training for NHMCCD faculty, staff, administration related to serving students with Learning Disabilities and/or AD/HD in order to enhance the success and retention of these students. Training will address the unique needs of NHMCCD, as identified in a Needs Assessment, and will be available in a variety of modalities, including online training. Additionally, Landmark will train NHMCCD participating staff in their best practices, as well as share their exemplary programs.

Report: High School Penetration Comparing Numbers of High School Seniors in 2005 and Fall 2005 Credit Students

Goal: Provide quality, accessible courses and programs of instruction which meet transfer, workforce development, and lifelong learning needs of students

Indicator: Number of high school seniors enrolling at North Harris Montgomery Community College District (NHMCCD) the fall semester following anticipated graduation.

This report combines data on the number of high school seniors from the 2004-2005 school year with the number of recent high school graduates who enrolled in credit classes at any of our five colleges in Fall 2005. The penetration rate is calculated as the number of NHMCCD students who indicated on their application that they graduated from a specific high school, divided by the number of seniors reported by that high school to the Texas Education Agency. Students must have indicated the high school from which they graduated on their application to the District to be included in the fall student count.

Highlights of the report on the next page include:

- School districts with over 25% of their high school seniors taking credit courses at an NHMCCD college included Tomball, Spring, Splendora, and New Caney.
- Eight in-district ISDs had over 20% of their seniors attending at least one college in the District.
- The high schools that had the highest penetration rates were Spring, New Caney, and Splendora High Schools, where the numbers of recent high school graduates taking credit classes in fall 2005 were 209, 119, and 51 respectively, or one-third of the recent seniors.
- Students from specific high schools tend to attend the college located closest to their school district. However, Klein ISD students were the most dispersed, with significant numbers attending North Harris, Tomball, and Montgomery Colleges.

Data in the following table reflect enrollment in fall 2005 credit classes.

Staff	Martha Oburn	832 813-6764
Resource:	Steve Head	832 813-6522

North Harris Montgomery Community College District
Number and Percent of Service Area High School Seniors Who Enroll at any NHMCCD College
in the Fall Term after High School Graduation
Fall 2005

In Taxing District	HS Seniors	NHMCCD (unduplicated)		Cy-Fair		Kingwood		Montgomery		North Harris		Tomball	
		#	%	#	%	#	%	#	%	#	%	#	%
ALDINE ISD	2,408	430	17.9%	19	0.8%	22	0.9%	1	0.0%	380	15.8%	22	0.9%
Aldine HS	526	88	16.7%			2	0.4%	1	0.2%	84	16.0%	3	0.6%
Carver HS	84	22	26.2%			3	3.6%			19	22.6%	2	2.4%
Eisenhower HS	613	101	16.5%	18	2.9%	2	0.3%			72	11.7%	15	2.4%
MacArthur HS	503	110	21.9%	1	0.2%	4	0.8%			104	20.7%	2	0.4%
Nimitz HS	579	103	17.8%			11	1.9%			95	16.4%		
W T Hall HS	103	6	5.8%							6	5.8%		
CONROE ISD	2,491	456	18.3%	2	0.1%	18	0.7%	426	17.1%	17	0.7%	10	0.4%
Caney Creek HS	321	62	19.3%			11	3.4%	49	15.3%	2	0.6%		
Conroe HS	505	94	18.6%			3	0.6%	89	17.6%	2	0.4%	4	0.8%
Hauke Alternative Ed	66	12	18.2%					12	18.2%	1	1.5%		
Oak Ridge HS	459	102	22.2%	1	0.2%	2	0.4%	96	20.9%	4	0.9%	2	0.4%
Woodlands HS	1,140	186	16.3%	1	0.1%	2	0.2%	180	15.8%	8	0.7%	4	0.4%
CYPRESS-FAIRBANKS ISD	4805	1,028	21.4%	891	16.7%	10	0.2%	9	0.2%	26	0.4%	168	3.2%
Cy-Creek HS	635	120	18.9%	49	7.7%	2	0.3%	2	0.3%	2	0.3%	75	11.8%
Cy-Fall HS	699	152	21.7%	143	20.5%	2	0.3%	1	0.1%	1	0.1%	11	1.6%
Cy-Fair HS	656	167	25.5%	147	22.4%			2	0.3%	4	0.6%	27	4.1%
Cy-Springs HS	648	132	20.4%	129	19.9%	2	0.3%	1	0.2%	3	0.5%	6	0.9%
Jersey Village HS	724	173	23.9%	157	21.7%	1	0.1%	1	0.1%	9	1.2%	29	4.0%
Langham Creek HS	695	181	26.0%	176	25.3%	2	0.3%	1	0.1%	2	0.3%	4	0.6%
Windfern HS	148												
Cypress Ridge	600	103	17.2%	90	15.0%	1	0.2%	1	0.2%	5	0.8%	16	2.7%
HUMBLE ISD	1,764	388	22.0%	3	0.2%	364	20.6%	3	0.2%	30	1.7%	2	0.1%
Humble HS	849	197	23.2%	3	0.4%	177	20.8%	1	0.1%	26	3.1%	1	0.1%
Kingwood HS	865	191	22.1%			187	21.6%	2	0.2%	4	0.5%	1	0.1%
Quest HS	50												
KLEIN ISD	2354	523	22.2%	22	0.9%	5	0.1%	117	2.1%	130	5.3%	300	11.4%
Klein HS	731	165	22.6%	4	0.5%			6	0.8%	27	3.7%	137	18.7%
Klein Forest HS	632	151	23.9%	15	2.4%	2	0.3%	1	0.2%	86	13.6%	69	10.9%
Klein Oak HS	401	105	26.2%	3	0.7%	1	0.2%	42	10.5%	11	2.7%	62	15.5%
Klein Collins HS	590	102	17.3%			2	0.3%	68	11.5%	6	1.0%	32	5.4%

Note: Students are counted once at each college they attend. The unduplicated district total counts each student only one time. Current year dual credit students are not included in this report.

Source: Number of High School Seniors from TX Education Agency AEIS Report. All NHMCCD data from Fall 05 Students Served Files updated as of end of term as of January 05, 2006. High School and Graduation Year are Self-Reported by Students.

In Taxing District	HS Seniors	NHMCCD (unduplicated)		Cy-Fair		Kingwood		Montgomery		North Harris		Tomball	
		#	%	#	%	#	%	#	%	#	%	#	%
MAGNOLIA ISD	488	108	22.1%	4	0.8%			44	9.0%	3	0.6%	64	13.1%
Magnolia HS	488	108	22.1%	4	0.8%			44	9.0%	3	0.6%	64	13.1%
NEW CANEY ISD	320	119	37.2%			112	35.0%	4	1.3%	8	2.5%	1	0.3%
New Caney HS	320	119	37.2%			112	35.0%	4	1.3%	8	2.5%	1	0.3%
SPLENDORA ISD	146	51	34.9%			48	32.9%	3	2.1%	3	2.1%	1	0.7%
Splendor HS	146	51	34.9%			48	32.9%	3	2.1%	3	2.1%	1	0.7%
SPRING ISD	1,493	424	28.4%	1	0.1%	10	0.7%	68	4.6%	341	22.8%	19	1.3%
Spring HS	626	209	33.4%	1	0.2%	8	1.3%	60	9.6%	143	22.8%	8	1.3%
Westfield HS	867	215	24.8%			2	0.2%	8	0.9%	198	22.8%	11	1.3%
TOMBALL ISD	575	147	25.6%	5	0.9%	2	0.3%	4	0.7%	2	0.3%	142	24.7%
Tomball HS	575	147	25.6%	5	0.9%	2	0.3%	4	0.7%	2	0.3%	142	24.7%
WILLIS ISD	295	45	15.3%					45	15.3%				
Willis HS	295	45	15.3%					45	15.3%				
Out of Taxing District													
CLEVELAND ISD	150	14	9.3%			13	8.7%	1	0.7%				
Cleveland HS	150	14	9.3%			13	8.7%	1	0.7%				
HUNTSVILLE ISD	432	34	7.9%			1	0.0%	34	7.9%	1	0.2%		
Huntsville HS	418	34	8.1%			1	0.2%	34	8.1%	1	0.2%		
Westmoreland Learning Center	14												
MONTGOMERY ISD	256	42	16.4%					36	14.1%	1	0.4%	6	2.3%
Montgomery HS	256	42	16.4%					36	14.1%	1	0.4%	6	2.3%
TARKINGTON ISD	95	18	18.9%			17	17.9%	1	1.1%				
Tarkington HS	95	18	18.9%			17	17.9%	1	1.1%				
NEW WAVERLY ISD	62	7	11.3%					7	11.3%				
New Waverly HS	62	7	11.3%					7	11.3%				

Note: Students are counted once at each college they attend. The unduplicated district total counts each student only one time. Current year dual credit students are not included in this report.

Source: Number of High School Seniors from TX Education Agency AEIS Report. All NHMCCD data from Fall 05 Students Served Files updated as of end of term as of January 05, 2006. High School and Graduation Year are Self-Reported by Students.

Consideration of Consent Agenda

Board Meeting 2-2-06

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 allow 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:

	<u>Consent</u>	<u>Chancellor</u>	<u>Board</u>
	<u>Agenda</u>	<u>Recommended</u>	<u>Separate</u>
		<u>Separate Action</u>	<u>Action</u>
# 1 – Approve Board Travel	_____	_____	_____
# 2 – Approve Degree/Certificate Program/On-Line	_____	_____	_____
# 3 – Approve Investment Account/TreasuryDirect	_____	_____	_____
# 4 – Accept Gifts	_____	_____	_____
# 5 – Award Contract/Printing/District Catalog	_____	_____	_____
# 6 – Approve Extension Interim Lease/Waste Treatment/CFC	_____	_____	_____
# 7 – Ratify Purchase/Variable Frequency Drive/Chiller/NHC	_____	_____	_____
# 8 – Approve Repair Sidewalks/Upper Walkway Drains/NHC	_____	_____	_____
# 9 – Ratify Change Order No.2/Boiler Replacement/NHC	_____	_____	_____
#10 – Approve Change Order No. 1/Library/Wellness Ctr/TC	_____	_____	_____
#11 – Approve Snack/Beverage/Resale/Retail Providers List	_____	_____	_____
#12 – Approve Amendment/Macromedia Premier Ed Agreement	_____	_____	_____
#13 – Ratify Purchase/Office Furniture/DSTC	_____	_____	_____
#14 – Approve Lease/Auto Document Inserting Machine/DSTC	_____	_____	_____
#15 – Ratify Agreement/Easement/Canyon Lakes 1892,LTD	_____	_____	_____
#16 – Approve Purchase On-Line Applicant Tracking System	_____	_____	_____
#17 – Ratify Purchase/Electricity Supply Services	_____	_____	_____

Tally of
Action
Items
Continued:

<u>Consent</u>	<u>Chancellor</u>	<u>Board</u>
<u>Agenda</u>	<u>Recommended</u>	<u>Separate</u>
	<u>Separate Action</u>	<u>Action</u>

#18 – Ratify Appointments
#19 – Accept Resignations

_____	_____	_____
_____	_____	_____

Request: Consideration of Approval of Revised Board Policy CAK (Local): Investment and Cash Management Policy (**FIRST READING**)

Chancellor's Recommendation: That the Board of Trustees consider the proposed revisions to Board Policy CAK (Local): Investment and Cash Management Policy (**FIRST READING**)

Rationale: The District is required by policy CAK (Local) and the Public Funds Investment Act to perform an annual review and Revision of Policy CAK (Local). The revisions proposed for the current year are clarifications of the policy statements adopted in 2005 and a reduction in the percentage of the portfolio allowed to be invested in commercial paper of one issuer from 10% to 5% as required by Government Accounting Standards Board Statement 44.

Fiscal Impact: No change in financial resources.

Staff Resource: Ken Lynn 832-813-6545
Cindy Gilliam 832-813-6512

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

POLICY

It is the policy of the District that after allowing for the anticipated cash flow requirements of the District and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformity with this investment policy and governing statutes, seeking to safeguard assets, maintain liquidity and optimize interest earnings.

Effective cash management is recognized as essential to good fiscal management and investment interest serves as a source of revenue to the District. The District's investment portfolio shall be designed and managed in a prudent manner to obtain reasonable revenue within the limitations of the District's cash flow needs, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Investments shall be made with the following objectives in priority order:

- Safety and preservation of principal
- Maintenance of sufficient liquidity to meet operating needs
- Diversification
- Optimization of earnings in the portfolio

This Investment Policy extends to all financial assets under the direct control of the District.

PURPOSE

The purpose of this Investment Policy is to comply with the Public Funds Investment Act Chapter 2256 of the Texas Government Code (the "Act"), which requires that the District annually adopt a written investment policy regarding the investment of its funds and funds under its control. This Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the District's funds.

STRATEGY

The overall objective of the Investment and Cash Management Policy is to ensure that District financial assets are properly safeguarded, provide sufficient liquidity, and produce a reasonable rate of return while enabling the District to react to changes in economic and market conditions.

The longer the maturity of investments, the greater their price volatility. Therefore, the District's concentrates its investment portfolio in short and intermediate term securities to limit market risk caused by changes in interest rates. The District attempts to match its investments with 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 District will not invest in securities maturing more than three (3) years from the date of purchase.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

The District commingles its operating and reserve funds into one investment portfolio for investment purposes of efficiency, accurate distribution of interest, and maximum investment opportunity. Bond funds are managed separately in accordance with their anticipated expenditure schedules and bond document requirements. Although commingled, the District recognizes the unique characteristics and needs of the individual funds in its strategy statement and in the management of the funds. The maximum dollar weighted average maturity (WAM) of the entire commingled portfolio reflecting cash flow needs shall be no greater than one (1) year and the corresponding benchmark for the commingled portfolio shall be the comparable one year US Treasury security.

GENERAL FUND

The General Fund includes all operating funds of the District including, but not limited to, the general fund, payroll fund, technology fund, student activity fee fund, repair and replacement fund, and, the auxiliary operating fund. The primary investment strategy for this fund is to assure the preservation and safety of principal; and, secondly, that anticipated cash flows are matched with adequate investment liquidity. These objectives shall be accomplished by purchasing high credit quality, short-to intermediate term securities matching cash flow requirements. Funds not needed for short-term cash flow requirements will be invested in diversified instruments with diversified maturities and be readily marketable in the secondary market. Yield will be enhanced by the use of maturity extensions available within the confines of accurate cash flow projections and market cycle timing. Based on ongoing cash flow analysis needs the maximum weighted average maturity shall be one year.

*RESTRICTED
FUND*

The Restricted Fund includes local, state and federal grant funds as well as funds from other sources that are restricted for instructional use. The primary objectives are safety and liquidity sufficient to meet anticipated cash flow requirements as well as yield optimization. These objectives shall be accomplished by purchasing high-credit quality, short-term securities, diversified by instrument and maturity, and matching the maturity of the securities with anticipated liabilities. A ladder of short-term securities with sufficient liquidity from pool investments will be used to maintain a maximum weighted average maturity of one year. The maximum stated maturity will be two years.

*CAPITAL
PROJECTS*

The primary investment objective for the Capital Projects Fund is preservation and safety of principal. In addition, the District will seek to match cash flows from maturities and earnings of diversified investments to anticipated needs while obtaining a reasonable market yield. Investments will be made in an attempt to attain a rate equal to or above the arbitrage yield in order to avoid negative arbitrage. These objectives shall be accomplished by purchasing high-credit quality, short and intermediate-term securities with maturities closely matching the

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

projected cash flow schedules. The maximum maturity of an individual security shall not exceed the expenditure plan of the funds.

DEBT SERVICE

The investment strategy for the Debt Service Fund has as its primary objective the preservation and safety of capital while optimizing yield in order to fund debt service payments in accordance with provisions in the bond documents. Funds not required for immediate liquidity shall be invested in diversified instruments. Each successive debt service payment shall be fully funded before extensions are made. The maximum maturity of an individual security shall not exceed two years. The maximum dollar average weighted maturity shall not exceed one year.

*TRUST AND
AGENCY FUND*

The Trust and Agency Fund is comprised of local scholarship funds, club funds, and other funds for which the District acts as fiduciary and which have short average lives and high liquidity needs. The primary objectives are safety, liquidity, diversification and yield. These objectives shall be accomplished by purchasing high credit quality, short-term securities and utilizing investment pools for liquidity. The maximum maturity shall be one year and the maximum weighted average maturity six months.

*PRUDENT
PERSON RULE*

Investments shall be made, considering prevailing internal and market circumstances, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs not for speculation, but for investment, and considering the probable safety of capital as well as probable income from an investment decision.

In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall take into account the investment of all funds rather than a single investment, and, whether the investment decision was consistent with the District's Investment Policy.

DOWNGRADES

The District is not required to liquidate investments that were authorized investments at the time of purchase, if they subsequently become unauthorized. However, it is the policy of the District to liquidate as quickly as is prudently possible any investment that becomes unauthorized while held in the District's portfolio.

The Investment Officers will meet within two business days on any security which has been downgraded or placed on credit-watch to evaluate and take any necessary and prudent measures to assure the safety of District funds.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

**DELEGATION OF
RESPONSIBILITY:**

Authority to manage the District's investment program is derived from and delegated pursuant to provisions of the Act.

*INVESTMENT
OFFICERS*

The Board designates the Vice Chancellor for Business Affairs and CFO and the Deputy Vice Chancellor for Finance & Treasurer as the District's Investment Officers. Management's responsibility for the investment program is hereby delegated to the Investment Officers. The Investment Officers shall exercise judgment and care, under prevailing circumstances, which a prudent person would exercise in the management of the person's own affairs, but the Board retains ultimate fiduciary responsibility.

The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Investment Officers shall establish and maintain a cash flow analysis used as the basis of investment decisions. The Officers shall develop written procedures for the investment program consistent with the Investment Policy. Procedures shall include explicit delegation of authority for all investment activities and provide controls for all transactions. The Officers will report quarterly to the Board on investment results and annually on counter-parties used in the process.

No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Investment Officers. Investment Officers acting in good faith and in accordance with these Policies and Procedures shall be relieved of personal liability.

*CAPABILITY
OF
INVESTMENT
OFFICERS*

The District shall provide access to periodic training in investments for Trustees and designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in compliance with the Act to insure the quality and capability of investment management.

TRAINING

Members of the Board of Trustees and designated Investment Officers shall acquire 5 hours of investment training from the Texas Higher Education Coordinating Board within 6 months after taking office or assuming duties. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act. Training must be obtained from an independent source approved by the Board.

Thereafter Investment Officers are required to complete 5 hours of training every two years.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

*ETHICS AND
DISCLOSURE
OF CONFLICTS
INTEREST*

Investment Officers and employees of the District involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. All Investment Officers shall complete disclosure related to potential conflicts of interest annually or as conditions change. Investment Officers must file a disclosure statement with the Texas Ethics Commission and the District if:

1. The officer has a personal business relationship with a business organization offering to engage in an investment transaction with the District.
2. The officer is related within the second degree by affinity or consanguinity, as determined by Chapter 537 of the Texas Government Code, to an individual seeking to transact investment business with the District.

*AUTHORIZED
FINANCIAL
DEALERS AND
INSTITUTIONS*

The Investment Officers shall obtain and maintain information on all financial institutions and brokers/dealers authorized to transact financial transactions with the District. The information shall include the following:

1. Audited annual financial statements.
2. Proof of National Association of Security Dealers membership and CRD number (as applicable).
3. Proof of registration with the Texas State Securities Commission (as applicable)
4. Completed District questionnaire.

Certification that the authorized representative of the firm has received and thoroughly reviewed the District's current Investment Policy. This statement shall certify that the firm has implemented reasonable procedures and controls in an effort to preclude transactions conducted with the District not authorized by the Investment Policy except to the extent that this authorization is dependent on the analysis of the makeup of the District's entire portfolio or requires interpretation of subjective investment standards.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

*ANNUAL
REVIEW*

The Investment Officers shall annually submit a list of financial institutions for Board approval. These institutions shall be authorized to provide depository services to the District. No District deposit shall be made except in an authorized public depository as defined by state law.

The Investment Officers shall annually submit a list of financial and brokers/dealer institutions for Board approval. These institutions shall be selected for service, market involvement, and credit worthiness and be authorized to provide brokerage services. These may include primary dealers and regional dealers that qualify under the Securities and Exchange Commission uniform net capital rule (Rule 15C3-1).

The Board shall annually review and evaluate the firms authorized to enter into investment or depository transactions with the District. The following minimum criteria may be included in the review and evaluation:

1. Number of transactions competitively won/tried/lost.
2. Prompt and accurate confirmation of transactions.
3. Efficiency of securities deliveries.
4. Accuracy of market information.
5. Account servicing.

Subsequent to the review and evaluation, the Board will approve a list of firms authorized to enter into investment or depository transactions with the District for the following year.

*AUTHORIZED
INVESTMENTS*

The following are authorized for investment with District funds:

1. Obligations of the United States of America, its agencies and instrumentalities, excluding mortgage backed securities (MBS) and with a stated maturity date not to exceed three (3) years;
2. Certificates of Deposit issued by a bank domiciled in Texas, or a savings bank domiciled in Texas and that is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner consistent with state law and the Investment Policy, with a stated maximum maturity not to exceed one year.
3. 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 respective agencies and instrumentalities, excluding mortgage backed securities;
4. Fully collateralized repurchase agreements with a defined termination date secured by obligations of the United States government, its agencies and instrumentalities including mortgage backed securities. Underlying securities shall be held in

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES: INVESTMENTS

CAK
(LOCAL)

the District's name, deposited at the time the investment is made with the District, and held by an independent custodian approved by the District. 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. The Bond Industry Association Master Repurchase Agreement must be executed prior to the transaction. All repurchase agreements will be executed on a delivery vs. payment basis. Underlying securities shall have a continuous market value greater than or equal to 102 percent. The transaction shall have a maximum maturity of 120 days except flex repurchase agreements used for bond proceeds. The maximum maturity for a flex shall be matched to project cash flow projections and the requirements of the governing bond ordinance.

5. SEC registered Money Market Mutual Funds continuously rated AAA by at least one nationally recognized rating service and in compliance with the requirements of Section 2256.014 of the Act.
6. Constant dollar local government investment pools in Texas which, 1) meet the requirements of the Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, 3) seek to maintain a \$1.00 net asset value, and 4) are authorized by resolution of the Board.
7. Commercial paper with a maximum maturity of 120 days, rated A1/P1 or equivalent by at least two nationally recognized credit rating agencies.

Other types of investments which may be authorized by statute are not authorized for investment by the District until the Investment Policy is amended and adopted by the Board.

The following are not authorized for investment with District funds:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no interest;
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
3. Collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and,
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

COLLATERIZATION Consistent with the requirements of the Public Funds Collateral Act (Texas Government Code §2257), it is the policy of the District to require full collateralization of all District time and demand deposits. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% (and 110% on mortgage backed collateral) of market value of principal and accrued interest on the deposits less an amount insured by the FDIC.

Securities pledged as collateral shall be held by an independent third party bank outside the holding company of the pledging bank, approved by the District, and under a tri-party custodial agreement executed under the terms of FIRREA.

The Vice Chancellor of Business Affairs and CFO is authorized to execute depository and/or collateral agreements approved by the Board of Trustees. The agreements shall specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities with prior District approval, documentation of the pledge of securities, and the monthly reporting on the valuation of collateral. Original evidences of ownership (safekeeping receipt) must be supplied to the District and retained. The financial institution shall be contractually liable for monitoring and maintaining the required collateral and collateral margins at all times.

*AUTHORIZED
COLLATERAL*

The District authorizes only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities including mortgage backed securities which pass the bank test;
- Direct obligations of the State of Texas or its agencies and instrumentalities;
- Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized rating firm not less than A or it's equivalent.

All collateral shall be subject to inspection and audit by the District's internal audit staff or by its independent auditors on a reasonable basis.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

*SAFEKEEPING
AND CUSTODY:
INDEPENDENT
THIRD PARTY*

All securities owned by the District and collateral pledged to the District shall be held by independent third party custodians approved by the District and held in the District's name as evidenced by original safekeeping receipts of the institution with which the securities are deposited.

*DELIVERY
VERSUS
PAYMENT*

All investment transactions except investment pool funds and mutual funds shall be executed on a delivery versus payment basis.

*COMPETITIVE
BIDDING*

A competitive bidding process, involving a minimum of three bids/offers from firms authorized to engage in investment transactions with the District is required. Comparison and evaluation of comparables, but not formal bidding, may be used to invest in money market mutual funds or local government investment pools.

Bids/offers may be solicited orally, in writing, or electronically. Records shall be kept of the prices/levels (bid and/or offered and accepted) on the District's trade ticket. The District shall determine what constitutes a responsive bid/offer.

*INVESTMENT
PARAMETERS:
DIVERSIFICATION*

The District recognizes that investment risks can result from issuer defaults, market price changes, or various complications leading to temporary illiquidity. Market risks are managed through portfolio diversification that shall be achieved within the following general guidelines:

- Limiting investments to avoid over concentration in investments from a specific issuer or business sector (excluding U.S. Treasury securities).
- Limiting investments with higher credit risk (such as commercial paper)
- Investing in securities with varying maturities and in accordance with the District's cash flow projections, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

To assure diversification of the portfolio and reduce market risk, the following maximum limits, by instrument, are established for the District's total portfolio:

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

US Treasury Obligations	90%
US Agencies and Instrumentalities	80%
Certificates of Deposit	30%
Repurchase Agreements	50%
Flex Repurchase Agreements	100% of proceeds
Investment Pools	100%
Municipal Securities	30%
Commercial Paper	25%
Commercial Paper by issuer	%

The internal control structure shall be designed to provide reasonable assurance that District funds are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls established for the cash management and investment process shall address the following points at a minimum:

- Complete documentation of all transactions
- Control of collusion
- Separation of accounting and record keeping
- Custodial safekeeping
- Clear delegation of authority to subordinate staff members
- Written confirmation for all transactions
- Timely reconciliation of transactions
- Assurance of delivery versus payment and competitive bidding

The Vice Chancellor of Affairs and CFO shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures.

REPORTING:

**MONTHLY
REPORTING**

The Investment Officers shall prepare a monthly report on all investment positions as of the close of business for the prior month. The report shall be provided to the Board as an integral part of the monthly financial reports.

**QUARTERLY
REPORTING**

The Investment Officers shall prepare and present an investment report to the Board on a quarterly basis that summarizes investment strategies employed in the most recent quarter, details the portfolio in terms of investment securities and earnings, and summarizes the overall strategy for the period.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

APPROPRIATIONS AND REVENUE SOURCES:
INVESTMENTS

CAK
(LOCAL)

The quarterly investment report shall include a summary statement of investment activity prepared in compliance with generally accepted accounting principles and the Act. The reports will be prepared in a manner that will allow the reader and the District to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will include the following at a minimum:

- A detailed listing of individual securities and depository accounts by maturity date at the end of the reporting period;
- A summary of the portfolio by market sectors and maturities;
- The beginning and ending book and market value of each security and position by the type of asset and fund type invested;
- Unrealized market gains or losses at the end of the period;
- Additions and changes in market value from the beginning of the period;
- The account or fund or pooled group fund for which each individual investment was acquired;
- Average weighted yield to maturity of the portfolio as compared to its benchmark;
- Interest earnings for the reporting period (accrued net of amortization);
- Diversification by market sectors;

Statement of compliance with the Act and the District's Investment Policy and strategy as approved by the Board.

*MARK TO
MARKET*

Market values used in the monthly and quarterly reports will be obtained from reputable and independent sources. Information sources may include: financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisors, and representatives/advisors of investment pools or money market funds.

*COMPLIANCE
AUDIT*

The District's independent auditors will perform a formal annual review of the quarterly reports with the results reported to the Board. The compliance audit should review management controls on investments and adherence to the entity's established investment policies.

*ANNUAL POLICY
REVIEW AND
ADOPTION*

The Board of Trustees shall, not less than annually, adopt by resolution the District's Investment Policy and incorporated investment strategy. The adopting resolution shall state any changes made to either the policy or strategies. Material changes to the policy will require re-certification by financial firms.

Request: Consideration of Approval for Board of Trustees Travel

Chancellor's

Recommendation: That the Board of Trustees authorize Martin Basaldua to attend the Association of Community College Trustees National Legislative Summit in Washington, D.C. on February 5-8, 2006.

Rationale: The annual conference programs and activities provide an opportunity for trustee development.

Fiscal Impact: Funds have been approved for professional development in the 2005-2006 Budget.

Resource: John Pickelman

832-813-6515

Request: Consideration of Approval of Degree and Certificate Program Offerings in an On-line Format

Chancellor's Recommendation: That the Board of Trustees approve degree and certificate program offerings in an on-line format.

Rationale: The Texas Higher Education Coordinating Board (THECB) requires that higher education institutions report certificate and degree programs that are offered completely on-line or have the majority of courses offered in an on-line format. In addition, the THECB requires that the college district Board of Trustees approve this list of programs.

NHMCCD offers numerous certificates and degree programs that provide an option to students to select from a face-to-face delivery method or an on-line delivery method. Providing an on-line delivery option provides greater flexibility for students trying to complete their degree. Currently NHMCCD has 8,500 distance learning students enrolled in classes.

Fiscal Impact: Funding is included in the operating budget for each fiscal year.

Staff Resource: Steve Head 832-813-6522

North Harris Montgomery Community College District

Programs In Which All Courses Are Available In An On-line Format:

Associate of Arts Degree
Management Associate of Applied Science
Professional Office Technology Computer Office Receptionist Certificate
Legal Office Technology Legal Office Associate of Applied Science
Legal Office Technology Legal Administrative Assistant Certificate
Legal Office Technology Legal Secretary Certificate
Legal Office Technology Legal Office Receptionist Certificate
Computer Information Technology, Mid-range Computing Associate of Applied Science
Computer Information Technology, Information Technology Certificate
Computer Information Technology, Mid-range Computing Specialist Certificate
Programming Specialist Associate of Applied Science
Programming Specialist Certificate
E-Business Web Developer Associate of Applied Science
E-Business Web Developer Certificate
PC Desktop Specialist Certificate
Microsoft Office Specialist Certificate
Medical Office Receptionist Certificate

Programs In Which The Majority Of All Courses Are Available In An On-line Format:

Associate of Arts in Teaching, Early Childhood through 4th Grade, Generalist
Associate of Arts in Teaching, Early Childhood through 4th Grade, Early Childhood Specialization
Associate of Arts in Teaching, Grades 4-8 Generalist
Accounting Associate of Applied Science Degree
Accounting Certificate
Professional Bookkeeper Certificate
General Business Certificate
Human Resource Certificate
International Business Certificate
Small Business Management Certificate
Marketing Certificate
Bilingual Office Specialist Certificate
Computer Networking Specialization Microsoft Associate of Applied Science
Computer Networking Specialization CISCO Associate of Applied Science
Computer Networking Specialist, Microsoft Certificate
Computer Networking Specialist, CISCO Certificate

Financial Report and Consideration No. 1

Board Meeting 2-2-06

Report: Monthly Financial Statements

The financial statements for the months ended December 31, 2005 and November 30, 2005 are presented for Board review.

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CURRENT OPERATING FUNDS, EXCLUDING THE TECHNOLOGY FUND
 REVENUES, EXPENDITURES AND OTHER CHANGES - BUDGET & ACTUAL
 FOR THE FOUR MONTHS ENDED DECEMBER 31, 2005

	<u>BUDGET</u>	<u>33% OF FISCAL YEAR ACTUAL</u>	<u>% ACTUAL TO BUDGET</u>	<u>PRIOR YEAR ACTUAL 12/31/04</u>	<u>% OF 08/31/05 ACTUAL</u>
REVENUES:					
STATE APPROPRIATIONS	\$ 49,155,000	\$ 21,134,586	43.00%	\$ 17,524,056	39.27%
TUITION AND FEES	37,314,000	26,380,008	70.70%	24,128,970	71.26%
TAXES	70,100,000	10,633,803	15.17%	19,603,184	32.48%
INVESTMENTS	700,000	174,237	24.89%	92,848	13.81%
OTHER	<u>2,116,000</u>	<u>471,498</u>	<u>22.28%</u>	<u>800,181</u>	<u>33.83%</u>
TOTAL EDUCATIONAL AND GENERAL REVENUES	159,385,000	58,794,132	36.89%	62,149,239	43.80%
REPAIR, REPLACEMENT AND OTHER INTERNALLY DESIGNATED	<u>400,000</u>	<u>153,054</u>	<u>38.26%</u>	<u>103,711</u>	<u>26.53%</u>
TOTAL REVENUES	<u>159,785,000</u>	<u>58,947,186</u>	<u>36.89%</u>	<u>62,252,950</u>	<u>43.76%</u>
EXPENDITURES:					
GENERAL ADMINISTRATION & STUDENT SERVICES	22,449,074	6,536,145	29.12%	6,244,631	31.81%
GENERAL INSTITUTIONAL	14,361,714	3,000,902	20.90%	3,092,701	33.86%
STAFF BENEFITS	9,347,208	3,472,679	37.15%	4,035,427	45.69%
RESIDENT INSTRUCTION GENERAL ACADEMIC PROGRAMS	59,530,232	21,451,103	36.03%	19,587,171	35.92%
RESIDENT INSTRUCTION VOCATIONAL-TECHNICAL PROGRAMS	22,580,243	7,730,751	34.24%	7,207,646	33.41%
LIBRARY	7,298,469	2,314,301	31.71%	2,184,855	32.97%
EXTENSION AND PUBLIC SERVICE	799,836	201,518	25.19%	232,179	31.91%
PHYSICAL PLANT OPERATION AND MAINTENANCE	<u>18,478,224</u>	<u>4,324,634</u>	<u>23.40%</u>	<u>4,939,949</u>	<u>31.73%</u>
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	154,845,000	49,032,033	31.67%	47,524,559	34.79%
REPAIR, REPLACEMENT AND OTHER INTERNALLY DESIGNATED	<u>1,250,000</u>	<u>465,399</u>	<u>37.23%</u>	<u>104,977</u>	<u>18.63%</u>
TOTAL EXPENDITURES	156,095,000	49,497,432	31.71%	47,629,536	34.72%
OTHER CHANGES - DEBT SERVICE & FUND TRANSFERS	<u>2,700,000</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 990,000</u>	<u>\$ 9,449,754</u>		<u>\$ 14,623,414</u>	

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

STATEMENT OF OPERATIONS - TECHNOLOGY FUND
 REVENUES, EXPENDITURES AND OTHER CHANGES - BUDGET & ACTUAL
 FOR THE FOUR MONTHS ENDED DECEMBER 31, 2005

	BUDGET	33 % OF FISCAL YEAR ACTUAL	% ACTUAL TO BUDGET	PRIOR YEAR ACTUAL 12/31/2004	% OF 08/31/05 ACTUAL
REVENUES:					
Technology fee	\$ 4,720,000	\$ 3,386,619	71.75%	\$ 3,250,579	71.55%
Investments	60,000	29,844	49.74%	6,695	11.42%
Miscellaneous	45,000	9,341	20.76%	-	0.00%
Total revenues & additions	<u>4,825,000</u>	<u>3,425,804</u>	<u>71.00%</u>	<u>3,257,274</u>	<u>70.36%</u>
EXPENDITURES:					
<u>Automated Library System</u>					
Salaries and Benefits	-	-	-	21,172	33.13%
Services	256,565	189,069	73.69%	129,228	57.55%
Travel and Professional Development	4,100	510	12.44%	1,841	24.03%
Supplies	14,400	4,402	30.57%	2,181	14.86%
Communications	24,050	6,001	24.95%	5	0.04%
Equipment	-	-	-	-	0.00%
Total Dynix Library System	<u>299,115</u>	<u>199,982</u>	<u>66.86%</u>	<u>154,427</u>	<u>47.27%</u>
<u>Datatel Services</u>					
Salaries and Benefits	34,840	2,562	7.35%	20,979	16.11%
Services	950,486	528,132	55.56%	565,680	61.08%
Travel and Professional Development	47,000	617	1.31%	19,546	28.29%
Supplies	5,375	1,948	36.24%	-	0.00%
Communications	15,664	4,778	30.50%	2,843	19.31%
Equipment	25,428	1,103	4.34%	265,440	76.90%
Total Datatel Services	<u>1,078,793</u>	<u>539,140</u>	<u>49.98%</u>	<u>874,488</u>	<u>58.76%</u>
<u>E-Mail Services & Telecommunications</u>					
Administrative Salaries and related benefits	-	-	-	33,105	34.97%
Services	658,474	437,159	66.39%	409,881	65.16%
Travel and Professional Development	27,875	4,930	17.69%	331	2.47%
Supplies	52,980	-	0.00%	1,910	20.26%
Communications	155,580	26,905	17.29%	27,992	27.42%
Equipment	412,252	-	0.00%	150,445	53.73%
Total E-Mail Services & Telecommunications	<u>1,307,161</u>	<u>468,994</u>	<u>35.88%</u>	<u>623,664</u>	<u>55.26%</u>
<u>Campus Support</u>					
Salaries and Benefits	-	-	-	8,112	32.81%
Services	76,175	55,918	73.41%	60,000	96.71%
Supplies	86,407	45,779	52.98%	62,175	21.02%
Travel	8,000	6,095	76.19%	-	0.00%
Equipment	1,969,349	626,010	31.79%	664,429	65.33%
Total Campus Support	<u>2,139,931</u>	<u>733,802</u>	<u>34.29%</u>	<u>794,716</u>	<u>56.78%</u>
Total expenditures	<u>4,825,000</u>	<u>1,941,918</u>	<u>40.25%</u>	<u>2,447,295</u>	<u>56.35%</u>
OTHER CHANGES - DEBT SERVICE & FUND TRANSFERS	<u>-</u>	<u>-</u>		<u>-</u>	
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,483,886</u>		<u>\$ 809,979</u>	

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
BALANCE SHEET
DECEMBER 31, 2005**

ASSETS	Operating Funds			Loan Funds	Plant Funds		Debt Service		Agency Funds	Memorandum Totals Current Year
	Unrestricted	Auxiliary	Restricted		CIP	Investment in Fixed Assets	Interest and Sinking	Bond Payable		
Cash	\$ 2,309,756	\$ 1,271,868	\$ 521,740	\$ 482,421	\$ (886,564)	\$ -	\$ 27,363	\$ -	\$ 826,451	\$ 4,553,035
Accounts receivable (net of allowance for doubtful accounts)	7,450,719	22,764	3,116,938	2,665					254,632	10,847,718
Taxes receivable (net of allowance for doubtful accounts of \$1,916,955 and \$898,333 in the Current Unrestricted and Plant Retirement of Indebtedness Funds, respectively)	63,331,690						25,856,179			89,187,869
Due from grantor agency										
Due from other funds	13,446,871	435,255	2,122,242	545			3,587,638		267,632	19,860,183
Investments	31,574,873		7,579				2,220,340			33,802,792
Accrued interest receivable	159,692									159,692
Prepaid and deferred expenses	428,609	14,737								443,346
Deposits	87,883									87,883
Inventories, at cost		50,114								50,114
Land							42,313,685			42,313,685
Buildings							315,396,925			315,396,925
Leasehold Improvements							5,589,001			5,589,001
Library books							11,461,642			11,461,642
Furniture, Fixtures & Equipment							18,179,649			18,179,649
Capitalized Interest Costs							4,650,717			4,650,717
Construction In Progress							902,035			902,035
TOTAL ASSETS	\$ 118,790,093	\$ 1,794,738	\$ 5,768,499	\$ 485,631	\$ (886,564)	\$ 398,493,654	\$ 31,691,520	\$ -	\$ 1,348,715	\$ 557,486,286
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Accounts payable	\$ 493,726	\$ 34,791	\$ -	\$ -	\$ 65,268	\$ -	\$ -	\$ -	\$ -	\$ 593,785
Accrued salaries	1,644,678									1,644,678
Due to other funds	13,016,463	881,459	5,019,207		372,768				570,286	19,860,183
Deferred revenues	63,336,432		749,292				25,856,179			89,941,903
Accrued compensable absences payable	3,766,057									3,766,057
Accrued Interest Payable							2,582,319			2,582,319
Bonds payable								248,630,151		248,630,151
Assets held in custody for others									778,429	778,429
TOTAL LIABILITIES	82,257,356	916,250	5,768,499		438,036	-	28,438,498	248,630,151	1,348,715	367,797,505
FUND BALANCES:										
Unrestricted	36,532,737									36,532,737
Auxiliary		878,488								878,488
Restricted										
Loans				485,631						485,631
Restricted for construction					(1,324,600)					(1,324,600)
Investment in fixed assets						398,493,654				398,493,654
Debt service							3,253,022			3,253,022
To be provided for debt service								(248,630,151)		(248,630,151)
TOTAL FUND BALANCES	36,532,737	878,488	-	\$ 485,631	(1,324,600)	398,493,654	3,253,022	(248,630,151)	-	189,688,781
TOTAL LIABILITIES AND FUND BALANCES	\$ 118,790,093	\$ 1,794,738	\$ 5,768,499	\$ 485,631	\$ (886,564)	\$ 398,493,654	\$ 31,691,520	\$ -	\$ 1,348,715	\$ 557,486,286

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE FOUR MONTHS ENDED DECEMBER 31, 2005**

	Operating Funds				Loan Funds	Plant Funds		Debt Service		Memorandum Totals Current Year
	Unrestricted	Auxiliary	Restricted	Total		CIP	Investment in Fixed Assets	Interest and Sinking	Bond Payable	
FUND BALANCES, September 1, 2005	\$ 25,599,097	\$ 1,097,346	\$ -	\$ 26,696,443	\$ 485,631	\$ (561,003)	\$ 398,493,654	\$ 953,329	\$ (248,630,151)	\$ 177,437,903
REVENUES AND OTHER ADDITIONS:										
Current Funds revenue	51,382,052	1,544,623		52,926,675						52,926,675
Taxes	10,633,803			10,633,803				4,291,623		14,925,426
Federal grants and contracts			9,852,516	9,852,516						9,852,516
State grants and contracts			405,873	405,873						405,873
Local gifts, grants and contracts			160,938	160,938						160,938
Interest income	357,135			357,135		479		62,938		420,552
M&O debt transfers and other Expended for plant facilities						20,500				20,500
Bond proceeds										
Total revenues and other additions	62,372,990	1,544,623	10,419,327	74,336,940		20,979		4,354,561		78,712,480
EXPENDITURES AND OTHER DEDUCTIONS:										
Current Funds expenditures	51,439,350	1,763,481	10,419,327	63,622,158						63,622,158
Expended for plant facilities						784,576				784,576
Disposal of plant assets										
Administrative and collection costs								111,901		111,901
Bond Issuance cost										
Bond principal payments								75,827		75,827
Lease principal payments										
Bond interest expense								1,867,140		1,867,140
Bond agency fees										
Total expenditures and other deductions	51,439,350	1,763,481	10,419,327	63,622,158		784,576		2,054,868		66,461,602
(NON)MANDATORY TRANSFERS										
CHANGES IN FUND BALANCE	10,933,640	(218,858)	-	10,714,782		(763,597)		2,299,693		12,250,878
FUND BALANCE, DECEMBER 31, 2005	\$ 36,532,737	\$ 878,488	\$ -	\$ 37,411,225	\$ 485,631	\$ (1,324,600)	\$ 398,493,654	\$ 3,253,022	\$ (248,630,151)	\$ 189,688,781

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
SUMMARY OF INVESTMENTS
AS OF DECEMBER 31, 2005**

	<u>Book Value</u>	<u>Market Value</u>	<u>Weighted Avg. Days To Maturity</u>	<u>Weighted Avg. Purchase Yield</u>
OPERATING UNRESTRICTED				
(Includes Renewal and Replacement Funds)				
U. S. Government Agencies	20,780,535	20,268,531		2.80%
Logic	2,085	2,085		4.09%
Lone Star	4,736,014	4,736,014		4.04%
TexPool	6,056,239	6,056,239		4.17%
TOTAL	<u>\$ 31,574,873</u>	<u>\$ 31,062,869</u>	<u>290</u>	<u>3.25%</u>
OPERATING RESTRICTED				
Lone Star	7,579	7,579		4.04%
TOTAL	<u>\$ 7,579</u>	<u>\$ 7,579</u>	<u>1</u>	<u>4.04%</u>
CONSTRUCTION IN PROGRESS				
Lone Star				
TexPool				
TOTAL				
INTEREST & SINKING				
Logic	1,042	1,042		4.09%
Lone Star	2,215,121	2,215,121		4.04%
TexPool	4,177	4,177		4.17%
TOTAL	<u>\$ 2,220,340</u>	<u>\$ 2,220,340</u>	<u>1</u>	<u>4.04%</u>
TOTAL INVESTMENTS	<u>\$ 33,802,792</u>	<u>\$ 33,290,788</u>	<u>271</u>	<u>3.30%</u>

Benchmark: 90 day U. S. Treasury Bill for Current Unrestricted and Restricted Funds 3.61%

Benchmark: 1 year U. S. Global Agency for Construction in Progress and Interest
& Sinking Funds 4.61%

Weighted Average pool funds use the daily average yield

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

INVESTMENT ACTIVITY REPORT

FOR THE MONTH ENDED DECEMBER 31, 2005

	Operating Unrestricted*	Avg Buy Yield	Operating Restricted	Avg Buy Yield	Construction In Progress	Avg Buy Yield	Interest & Sinking	Avg Buy Yield	Total	Avg Buy Yield
BEGINNING BOOK VALUE	\$ 27,497,664	3.05%	\$ 7,543	3.81%			\$ 2,384,155	3.81%	\$ 29,889,362	3.11%
PURCHASES:										
Lone Star			36	4.04%					36	4.04%
Logic	7	4.09%					4	4.09%	11	4.09%
TexPool	5,581,700	4.17%					15	3.99%	5,581,715	4.17%
TOTAL PURCHASES	<u>\$ 5,581,707</u>	4.17%	<u>\$ 36</u>	4.04%			<u>\$ 19</u>	4.01%	<u>\$ 5,581,762</u>	4.17%
MATURITIES										
Lone Star	1,504,771	4.04%					163,834	4.04%	1,668,605	4.04%
TOTAL MATURITIES	<u>\$ 1,504,771</u>	4.04%					<u>\$ 163,834</u>	4.04%	<u>\$ 1,668,605</u>	4.04%
Premium / (Discount)	273								273	
Unrealized Gains (Losses)										
ENDING BOOK VALUE	<u>\$ 31,574,873</u>	3.25%	<u>\$ 7,579</u>	4.04%			<u>\$ 2,220,340</u>	4.04%	<u>\$ 33,802,792</u>	3.30%
Beg. Unrealized Gains (Losses)	\$ (522,863)								(522,863)	
Unrealized Gains (Losses) Chg.	10,859								10,859	
ENDING MARKET VALUE	<u>\$ 31,062,869</u>		<u>\$ 7,579</u>		<u>\$ -</u>		<u>\$ 2,220,340</u>		<u>\$ 33,290,788</u>	

*Includes Renewal & Replacement Fund

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CURRENT OPERATING FUNDS, EXCLUDING THE TECHNOLOGY FUND
 REVENUES, EXPENDITURES AND OTHER CHANGES - BUDGET & ACTUAL
 FOR THE THREE MONTHS ENDED NOVEMBER 30, 2005

	<u>BUDGET</u>	<u>25% OF FISCAL YEAR ACTUAL</u>	<u>% ACTUAL TO BUDGET</u>	<u>PRIOR YEAR ACTUAL 11/30/04</u>	<u>% OF 08/31/05 ACTUAL</u>
REVENUES:					
STATE APPROPRIATIONS	\$ 49,155,000	\$ 16,467,034	33.50%	\$ 13,652,464	30.60%
TUITION AND FEES	37,314,000	20,928,012	56.09%	20,705,455	61.15%
TAXES	70,100,000	1,526,303	2.18%	2,471,773	4.09%
INVESTMENTS	700,000	132,812	18.97%	70,402	10.47%
OTHER	<u>2,116,000</u>	<u>405,792</u>	<u>19.18%</u>	<u>127,191</u>	<u>5.38%</u>
TOTAL EDUCATIONAL AND GENERAL REVENUES	159,385,000	39,459,953	24.76%	37,027,285	26.10%
REPAIR, REPLACEMENT AND OTHER INTERNALLY DESIGNATED	<u>400,000</u>	<u>119,920</u>	<u>29.98%</u>	<u>79,090</u>	<u>20.23%</u>
TOTAL REVENUES	<u>159,785,000</u>	<u>39,579,873</u>	<u>24.77%</u>	<u>37,106,375</u>	<u>26.08%</u>
EXPENDITURES:					
GENERAL ADMINISTRATION & STUDENT SERVICES	22,449,074	4,928,345	21.95%	4,756,749	24.23%
GENERAL INSTITUTIONAL	14,361,714	2,190,349	15.25%	2,305,357	25.24%
STAFF BENEFITS	9,347,208	2,617,426	28.00%	3,087,364	34.96%
RESIDENT INSTRUCTION GENERAL ACADEMIC PROGRAMS	59,530,232	15,891,359	26.69%	15,139,750	27.76%
RESIDENT INSTRUCTION VOCATIONAL-TECHNICAL PROGRAMS	22,580,243	5,704,454	25.26%	5,471,788	25.36%
LIBRARY	7,298,469	1,595,574	21.86%	1,653,731	24.96%
EXTENSION AND PUBLIC SERVICE	799,836	150,164	18.77%	142,628	19.60%
PHYSICAL PLANT OPERATION AND MAINTENANCE	<u>18,478,224</u>	<u>4,106,402</u>	<u>22.22%</u>	<u>3,667,466</u>	<u>23.56%</u>
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	154,845,000	37,184,073	24.01%	36,224,833	26.51%
REPAIR, REPLACEMENT AND OTHER INTERNALLY DESIGNATED	<u>1,250,000</u>	<u>211,485</u>	<u>16.92%</u>	<u>89,891</u>	<u>15.95%</u>
TOTAL EXPENDITURES	156,095,000	37,395,558	23.96%	36,314,724	26.47%
OTHER CHANGES - DEBT SERVICE & FUND TRANSFERS	<u>2,700,000</u>	-	-	<u>0</u>	-
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 990,000</u>	<u>\$ 2,184,315</u>		<u>\$ 791,651</u>	

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

STATEMENT OF OPERATIONS - TECHNOLOGY FUND
 REVENUES, EXPENDITURES AND OTHER CHANGES - BUDGET & ACTUAL
 FOR THE THREE MONTHS ENDED NOVEMBER 30, 2005

	BUDGET	25 % OF FISCAL YEAR ACTUAL	% ACTUAL TO BUDGET	PRIOR YEAR ACTUAL 11/30/2004	% OF 08/31/05 ACTUAL
REVENUES:					
Technology fee	\$ 4,720,000	\$ 2,703,085	57.27%	\$ 2,767,240	60.91%
Investments	60,000	22,446	37.41%	3,565	6.08%
Miscellaneous	45,000	9,341	20.76%	-	0.00%
Total revenues & additions	4,825,000	2,734,872	56.68%	2,770,805	59.85%
EXPENDITURES:					
<u>Automated Library System</u>					
Salaries and Benefits	-	-	-	15,982	25.01%
Services	256,565	170,902	66.61%	115,170	51.29%
Travel and Professional Development	4,100	510	12.44%	1,216	15.87%
Supplies	14,400	615	4.27%	2,181	14.86%
Communications	24,050	6,001	24.95%	4	0.03%
Equipment	-	-	-	-	0.00%
Total Dynix Library System	299,115	178,028	59.52%	134,553	41.18%
<u>Datatel Services</u>					
Salaries and Benefits	34,840	1,280	3.67%	15,284	11.74%
Services	950,486	501,409	52.75%	469,070	50.65%
Travel and Professional Development	47,000	488	1.04%	19,709	28.52%
Supplies	5,375	1,948	36.24%	-	0.00%
Communications	15,664	3,611	23.05%	2,749	18.67%
Equipment	25,428	-	0.00%	265,440	76.90%
Total Datatel Services	1,078,793	508,736	47.16%	772,252	51.89%
<u>E-Mail Services & Telecommunications</u>					
Administrative Salaries and related benefits	-	-	-	27,657	29.22%
Services	635,726	433,695	68.22%	397,406	63.18%
Travel and Professional Development	28,000	4,930	17.61%	331	2.47%
Supplies	52,980	-	0.00%	1,910	20.26%
Communications	155,455	26,245	16.88%	21,219	20.79%
Equipment	435,000	-	0.00%	150,445	53.73%
Total E-Mail Services & Telecommunications	1,307,161	464,870	35.56%	598,968	53.07%
<u>Campus Support</u>					
Salaries and Benefits	-	-	-	4,589	18.56%
Services	60,000	57,917	96.53%	-	0.00%
Supplies	80,336	43,656	54.34%	45,908	15.52%
Travel	8,000	5,916	73.95%	-	0.00%
Equipment	1,991,595	601,320	30.19%	661,840	65.08%
Total Campus Support	2,139,931	708,809	33.12%	712,337	50.89%
Total expenditures	4,825,000	1,860,443	38.56%	2,218,110	51.07%
OTHER CHANGES - DEBT SERVICE & FUND TRANSFERS	-	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCE	\$ -	\$ 874,429		\$ 552,695	

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
BALANCE SHEET
NOVEMBER 30, 2005**

ASSETS	Operating Funds			Loan Funds	Plant Funds		Debt Service		Agency Funds	Memorandum Totals Current Year
	Unrestricted	Auxiliary	Restricted		CIP	Investment in Fixed Assets	Interest and Sinking	Bond Payable		
Cash	\$ (5,047,472)	\$ 1,278,659	\$ 579,391	\$ 482,421	\$ (886,564)	\$ -	\$ 30	\$ -	\$ 864,386	\$ (2,729,149)
Accounts receivable (net of allowance for doubtful accounts)	6,530,461	82,658	4,369,567	3,103					328,733	11,314,522
Taxes receivable (net of allowance for doubtful accounts of \$1,916,955 and \$898,333 in the Current Unrestricted and Plant Retirement of Indebtedness Funds, respectively)	72,399,876						29,515,272			101,915,148
Due from grantor agency										
Due from other funds	8,965,825	376,754	1,705,191	107					108,834	11,156,711
Investments	27,663,164		7,543				2,218,655			29,889,362
Accrued interest receivable	112,348									112,348
Prepaid and deferred expenses	535,212	14,737								549,949
Deposits	87,883									87,883
Inventories, at cost		57,045								57,045
Land							42,313,685			42,313,685
Buildings							315,396,925			315,396,925
Leasehold Improvements							5,589,001			5,589,001
Library books							11,461,642			11,461,642
Furniture, Fixtures & Equipment							18,179,649			18,179,649
Capitalized Interest Costs							4,650,717			4,650,717
Construction In Progress							902,035			902,035
TOTAL ASSETS	\$ 111,247,297	\$ 1,809,853	\$ 6,661,692	\$ 485,631	\$ (886,564)	\$ 398,493,654	\$ 31,733,957	\$ -	\$ 1,301,953	\$ 550,847,473
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Accounts payable	\$ 942,655	\$ 27,451	\$ -	\$ -	\$ 65,267	\$ -	\$ -	\$ -	\$ -	\$ 1,035,373
Accrued salaries	1,229,583									1,229,583
Due to other funds	4,292,395	676,764	5,315,761		353,804		19,123		498,864	11,156,711
Deferred revenues	72,404,776		942,654				29,515,272			102,862,702
Accrued compensable absences payable	3,720,047									3,720,047
Accrued Interest Payable							2,582,320			2,582,320
Bonds payable								248,630,151		248,630,151
Assets held in custody for others			403,277						803,089	1,206,366
TOTAL LIABILITIES	82,589,456	704,215	6,661,692		419,071	-	32,116,715	248,630,151	1,301,953	372,423,253
FUND BALANCES:										
Unrestricted	28,657,841									28,657,841
Auxiliary		1,105,638								1,105,638
Restricted										
Loans				485,631						485,631
Restricted for construction					(1,305,635)					(1,305,635)
Investment in fixed assets						398,493,654				398,493,654
Debt service							(382,758)			(382,758)
To be provided for debt service								(248,630,151)		(248,630,151)
TOTAL FUND BALANCES	28,657,841	1,105,638	-	\$ 485,631	(1,305,635)	398,493,654	(382,758)	(248,630,151)	-	178,424,220
TOTAL LIABILITIES AND FUND BALANCES	\$ 111,247,297	\$ 1,809,853	\$ 6,661,692	\$ 485,631	\$ (886,564)	\$ 398,493,654	\$ 31,733,957	\$ -	\$ 1,301,953	\$ 550,847,473

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2005**

	Operating Funds				Loan Funds	Plant Funds		Debt Service		Memorandum Totals Current Year
	Unrestricted	Auxiliary	Restricted	Total		CIP	Investment in Fixed Assets	Interest and Sinking	Bond Payable	
FUND BALANCES, September 1, 2005	\$ 25,599,097	\$ 1,097,346	\$ -	\$ 26,696,443	\$ 485,631	\$ (561,003)	\$ 398,493,654	\$ 953,329	\$ (248,630,151)	\$ 177,437,903
REVENUES AND OTHER ADDITIONS:										
Current Funds revenue	40,513,264	1,322,292		41,835,556						41,835,556
Taxes	1,526,303			1,526,303				616,912		2,143,215
Federal grants and contracts			9,235,747	9,235,747						9,235,747
State grants and contracts			265,815	265,815						265,815
Local gifts, grants and contracts			114,353	114,353						114,353
Interest income	275,178			275,178		479		55,183		330,840
M&O debt transfers and other Expended for plant facilities										
Bond proceeds										
Total revenues and other additions	42,314,745	1,322,292	9,615,915	53,252,952		479		672,095		53,925,526
EXPENDITURES AND OTHER DEDUCTIONS:										
Current Funds expenditures	39,256,001	1,314,000	9,615,915	50,185,916						50,185,916
Expended for plant facilities						745,111				745,111
Disposal of plant assets										
Administrative and collection costs								65,215		65,215
Bond Issuance cost										
Bond principal payments								75,827		75,827
Lease principal payments										
Bond interest expense								1,867,140		1,867,140
Bond agency fees										
Total expenditures and other deductions	39,256,001	1,314,000	9,615,915	50,185,916		745,111		2,008,182		52,939,209
(NON)MANDATORY TRANSFERS										
CHANGES IN FUND BALANCE	3,058,744	8,292	-	3,067,036		(744,632)		(1,336,087)		986,317
FUND BALANCE, NOVEMBER 30, 2005	\$ 28,657,841	\$ 1,105,638	\$ -	\$ 29,763,479	\$ 485,631	\$ (1,305,635)	\$ 398,493,654	\$ (382,758)	\$ (248,630,151)	\$ 178,424,220

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
SUMMARY OF INVESTMENTS
AS OF NOVEMBER 30, 2005**

	<u>Book Value</u>	<u>Market Value</u>	<u>Weighted Avg. Days To Maturity</u>	<u>Weighted Avg. Purchase Yield</u>
OPERATING UNRESTRICTED				
(Includes Renewal and Replacement Funds)				
U. S. Government Agencies	20,780,263	20,257,400		2.80%
Logic	2,078	2,078		3.88%
Lone Star	6,406,284	6,406,284		3.81%
TexPool	474,539	474,539		3.99%
TOTAL	<u>\$ 27,663,164</u>	<u>\$ 27,140,301</u>	<u>356</u>	<u>3.05%</u>
OPERATING RESTRICTED				
Lone Star	7,543	7,543		3.81%
TOTAL	<u>\$ 7,543</u>	<u>\$ 7,543</u>	<u>1</u>	<u>3.81%</u>
CONSTRUCTION IN PROGRESS				
Lone Star				
TexPool				
TOTAL				
INTEREST & SINKING				
Logic	1,039	1,039		3.88%
Lone Star	2,213,454	2,213,454		3.81%
TexPool	4,162	4,162		3.99%
TOTAL	<u>\$ 2,218,655</u>	<u>\$ 2,218,655</u>	<u>1</u>	<u>3.81%</u>
TOTAL INVESTMENTS	<u>\$ 29,889,362</u>	<u>\$ 29,366,499</u>	<u>328</u>	<u>3.11%</u>

Benchmark: 90 day U. S. Treasury Bill for Current Unrestricted and Restricted Funds 3.53%

Benchmark: 1 year U. S. Global Agency for Construction in Progress and Interest
& Sinking Funds 4.48%

Weighted Average pool funds use the daily average yield

NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT

INVESTMENT ACTIVITY REPORT

FOR THE MONTH ENDED NOVEMBER 30, 2005

	<u>Operating Unrestricted*</u>	<u>Avg Buy Yield</u>	<u>Operating Restricted</u>	<u>Avg Buy Yield</u>	<u>Construction In Progress</u>	<u>Avg Buy Yield</u>	<u>Interest & Sinking</u>	<u>Avg Buy Yield</u>	<u>Total</u>	<u>Avg Buy Yield</u>
BEGINNING BOOK VALUE	\$ 31,792,156	3.04%	\$ 7,394	3.62%			\$ 1,660,981	3.62%	\$ 33,460,531	3.07%
PURCHASES:										
Lone Star	227,985	3.81%	149	3.81%			557,657	3.81%	785,791	3.81%
Logic	7	3.88%					3	3.88%	10	3.88%
TexPool							14	3.99%	14	3.99%
TOTAL PURCHASES	<u>\$ 227,992</u>	3.81%	<u>\$ 149</u>	3.81%	<u> </u>	<u> </u>	<u>\$ 557,674</u>	3.81%	<u>\$ 785,815</u>	3.81%
MATURITIES										
U.S. Government Agencies	3,000,000	3.08%							3,000,000	3.08%
Texpool	1,360,215	3.99%							1,360,215	3.99%
TOTAL MATURITIES	<u>\$ 4,360,215</u>	3.36%	<u> </u>		<u> </u>	<u> </u>	<u> </u>		<u>\$ 4,360,215</u>	3.36%
Premium / (Discount)	3,231								3,231	
Unrealized Gains (Losses)										
ENDING BOOK VALUE	<u>\$ 27,663,164</u>	3.05%	<u>\$ 7,543</u>	3.81%	<u> </u>	<u> </u>	<u>\$ 2,218,655</u>	3.81%	<u>\$ 29,889,362</u>	3.11%
Beg. Unrealized Gains (Losses)	\$ (544,555)								(544,555)	
Unrealized Gains (Losses) Chg.	21,692								21,692	
ENDING MARKET VALUE	<u>\$ 27,140,301</u>		<u>\$ 7,543</u>		<u>\$ -</u>		<u>\$ 2,218,655</u>		<u>\$ 29,366,499</u>	

*Includes Renewal & Replacement Fund

Financial Report and Consideration No. 2

Board Meeting 2-2-06

Report: Quarterly Investment Report

The quarterly investment report for the quarter ended November 30, 2005 is presented for Board review.

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
INVESTMENT PORTFOLIO REPORT
FOR THE QUARTER ENDED NOVEMBER 30, 2005**

FUND: PORTFOLIO

	Purchase Date	Maturity Date	Face Amount	Buy Yield	Beginning Market Value 8/31/2005	Beginning Book Value 8/31/2005	Securities Purchased	Securities Matured	Disc. / Prem. Amortization	Ending Book Value 11/30/2005	Period Unrealized Gain / (Loss)	Ending Market Value 11/30/2005
MONEY MARKET FUNDS / INVESTMENT POOLS												
TexPool	9/23/1993	N/A	N/A	(1)	\$ 7,057,118	\$ 7,057,118	\$ 18,615,421	\$ 25,200,000		\$ 472,539		\$ 472,539
TexPool	9/23/1993	N/A	N/A	(1)	1,696	1,696	38			1,734		1,734
TexPool	5/24/1994	N/A	N/A	(1)	263	263	3			266		266
Logic	9/3/1996	N/A	N/A	(2)	2,059	2,059	19			2,078		2,078
Lone Star	3/29/2001	N/A	N/A	(6)	98,139	98,139	12,727,947	12,472,530		353,556		353,556
Lone Star	3/29/2001	N/A	N/A	(6)	3,280	3,280	282			3,562		3,562
Lone Star	1/26/2001	N/A	N/A	(5)	16,623	16,623	8,042,088	2,009,545		6,049,166		6,049,166
Lone Star	4/1/2003	N/A	N/A	(5)	6,944	6,944	599			7,543		7,543
Lone Star	3/1/2003	N/A	N/A	(5)	10,575	10,575		10,575				
TexPool	5/26/1994	N/A	N/A	(1)	4,123	4,123	39			4,162		4,162
Logic	2/5/1997	N/A	N/A	(2)	1,029	1,029	10			1,039		1,039
Lone Star	3/29/2001	N/A	N/A	(6)	1,663,427	1,663,427	631,327	\$ 81,300		2,213,454		2,213,454
TOTAL					<u>\$ 8,865,276</u>	<u>\$ 8,865,276</u>	<u>\$ 40,017,773</u>	<u>\$ 39,773,950</u>	<u>\$ -</u>	<u>\$ 9,109,099</u>	<u>\$ -</u>	<u>\$ 9,109,099</u>

Agency Coupon Securities

FHLB	4/16/2004	4/16/2007	1,500,000	3.08%	\$ 1,479,375	\$ 1,500,000				\$ 1,500,000	\$ (8,325)	\$ 1,471,050
FHLB	4/23/2007	4/26/2007	3,000,000	2.74%	2,937,180	2,998,416			\$ 251	2,998,667	(18,780)	2,918,400
FHLB	4/27/2004	10/27/2006	2,000,000	2.51%	1,963,120	1,999,827			40	1,999,867	(1,720)	1,961,400
FNDN	2/11/2005	11/10/2005	3,000,000	3.08%	2,979,480	2,982,000		\$ 3,000,000	18,000			
FMCDN	2/11/2005	9/30/2005	2,000,000	2.99%	1,996,260	1,996,770		2,000,000	3,230			
FMCDN	3/24/2005	10/11/2005	3,000,000	3.34%	2,988,330	2,988,588		3,000,000	11,412			
FMCDN	3/24/2005	9/30/2005	2,000,000	3.27%	1,997,640	1,997,710		2,000,000	2,290			
FHLB	5/28/2004	4/5/2007	1,500,000	2.50%	1,465,320	1,500,000				1,500,000	(8,070)	1,457,250
FHLB	1/13/2005	3/29/2007	1,500,000	3.40%	1,485,945	1,500,000				1,500,000	(10,845)	1,475,100
FHLB	5/1/2004	2/23/2007	1,750,000	2.91%	1,719,918	1,753,566			439	1,754,005	(9,118)	1,710,800
FHLB	5/28/2004	3/8/2007	3,000,000	2.86%	2,949,390	3,010,072			78	3,010,150	(17,190)	2,932,200
FHLB	3/9/2004	3/9/2007	1,500,000	2.80%	1,473,285	1,500,000				1,500,000	(8,235)	1,465,050
FHLB	4/5/2004	4/5/2007	1,500,000	2.56%	1,470,945	1,505,272				1,505,272	(8,595)	1,462,350
FHLB	4/6/2004	4/6/2007	2,000,000	2.55%	1,955,000	2,007,030				2,007,030	(11,000)	1,944,000
FHLB	4/20/2004	4/20/2007	1,500,000	2.70%	1,468,590	1,505,272				1,505,272	(8,790)	1,459,800
TOTAL			<u>\$ 30,750,000</u>		<u>\$ 30,329,778</u>	<u>\$ 30,744,523</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>35,740</u>	<u>\$ 20,780,263</u>	<u>\$ (110,668)</u>	<u>\$ 20,257,400</u>

414,745

SUMMARY

MONEY MKT FUNDS / POOLS	\$ 8,865,276	\$ 8,865,276	\$ 40,017,773	\$ 39,773,950	\$ 9,109,099	\$ 9,109,099
COMMERCIAL PAPER						
AGENCY SECURITIES (Note 3, 4)	30,329,778	30,744,523	10,000,000	\$ 35,740	20,780,263	\$ (110,668)
PORTFOLIO TOTAL	<u>\$ 39,195,054</u>	<u>\$ 39,609,799</u>	<u>\$ 40,017,773</u>	<u>\$ 49,773,950</u>	<u>\$ 29,889,362</u>	<u>\$ (110,668)</u>

FUND: **PORTFOLIO**

Purchase Date	Maturity Date	Face Amount	Buy Yield	Beginning	Beginning	Period Book / Market Transactions			Ending	Period	Ending
				Market Value 8/31/2005	Book Value 8/31/2005	Securities Purchased	Securities Matured	Disc. / Prem. Amortization	Book Value 11/30/2005	Unrealized Gain / (Loss)	Market Value 11/30/2005

NOTES:

- (1) The TexPool yield varies daily. The average yield as of August 31, 2005 was 3.45 % and the Noveber 30, 2005 average yield was 3.99%.
- (2) The Logic yield varies daily. The average yield for August 31, 2005 was .3.40% and the November 30, 2005 average yield was 3.88%.
- (3) The benchmark for the Unrestricted and Restricted Funds is the 90 day U.S. Treasury Bill. As of November, 2005 the rate was 3.93%.
- (4) The benchmark for the Construction in Progress and Interest & Sinking Funds is a 1 year Global Agency. As of November 30, 2005 the rate was 4.48%.
- (5) The Lone Star yield varies daily. The average yield as of August 31, 2005 was 3.29% and the November 30, 2005 average yield was 3.3.81%.

Statements of Compliance:

This report is presented in accordance with Generally Accepted Accounting Principles and will be reviewed by the District's Independent Auditors, McConnell & Jones LLP.
 This report reflects compliance with the investment strategy expressed in the Investment Policy of the Board of Trustees and the Public Funds Investment Act as amended by HB 2459.

 Dr. John E. Pickelman
 Chancellor

 Cynthia F. Gilliam
 Vice Chancellor of Business Affairs and Chief Financial Officer

 Kenneth D. Lynn
 Deputy Vice Chancellor of Finance and Treasury

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
INVESTMENT PORTFOLIO REPORT
FOR THE QUARTER ENDED NOVEMBER 30, 2005**

FUND: OPERATING (UNRESTRICTED)

	Purchase Date	Beginning Market Value 8/31/2005	Beginning Book Value 8/31/2005	Period Book / Market Transactions Securities Purchased	Securities Matured	Disc. / Prem. Amortization	Ending Book Value 11/30/2005	Period Unrealized Gain / (Loss)	Ending Market Value 11/30/2005
MONEY MARKET FUNDS / INVESTMENT POOLS									
TexPool	9/23/1993	\$ 7,057,118	\$ 7,057,118	\$ 18,615,421	\$ 25,200,000		\$ 472,539		\$ 472,539
TexPool	9/23/1993	1,696	1,696	38			1,734		1,734
TexPool	5/24/1994	263	263	3			266		266
Logic	9/3/1996	2,059	2,059	19			2,078		2,078
Lone Star	3/29/2001	98,139	98,139	12,727,947	12,472,530		353,556		353,556
Lone Star	3/29/2001	3,280	3,280	282			3,562		3,562
Lone Star	1/26/2001	16,623	16,623	8,042,088	2,009,545		6,049,166		6,049,166
		<u>\$ 7,179,178</u>	<u>\$ 7,179,178</u>	<u>\$ 39,385,798</u>	<u>\$ 39,682,075</u>	<u>\$ -</u>	<u>\$ 6,882,901</u>	<u>\$ -</u>	<u>\$ 6,882,901</u>

AGENCY SECURITIES

Agency Coupon Securities

FHLB	4/16/2004	\$ 1,479,375	\$ 1,500,000				\$ 1,500,000	\$ (8,325)	\$ 1,471,050
FHLB	4/23/2007	2,937,180	2,998,416			\$ 251	2,998,667	(18,780)	2,918,400
FHLB	4/27/2004	1,963,120	1,999,827			40	1,999,867	(1,720)	1,961,400
FNDN	2/11/2005	2,979,480	2,982,000		\$ 3,000,000	18,000			
FMCNDN	2/11/2005	1,996,260	1,996,770		2,000,000	3,230			
FMCNDN	3/24/2005	2,988,330	2,988,588		3,000,000	11,412			
FMCNDN	3/24/2005	1,997,640	1,997,710		2,000,000	2,290			
FHLB	5/28/2004	1,465,320	1,500,000				1,500,000	(8,070)	1,457,250
FHLB	1/13/2005	1,485,945	1,500,000				1,500,000	(10,845)	1,475,100
FHLB	5/1/2004	1,719,918	1,753,566			439	1,754,005	(9,118)	1,710,800
FHLB	5/28/2004	2,949,390	3,010,072			78	3,010,150	(17,190)	2,932,200
FHLB	3/9/2004	1,473,285	1,500,000				1,500,000	(8,235)	1,465,050
FHLB	4/5/2004	1,470,945	1,505,272				1,505,272	(8,595)	1,462,350
FHLB	4/6/2004	1,955,000	2,007,030				2,007,030	(11,000)	1,944,000
FHLB	4/20/2004	1,468,590	1,505,272				1,505,272	(8,790)	1,459,800
TOTAL		<u>\$ 30,329,778</u>	<u>\$ 30,744,523</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 35,740</u>	<u>\$ 20,780,263</u>	<u>\$ (110,668)</u>	<u>\$ 20,257,400</u>

SUMMARY:

MONEY MKT FUNDS / POOLS	\$ 7,179,178	\$ 7,179,178	\$ 39,385,798	\$ 39,682,075		\$ 6,882,901		\$ 6,882,901
COMMERCIAL PAPER								
AGENCY SECURITIES (Note 3)	30,329,778	30,744,523		10,000,000	\$ 35,740	20,780,263	\$ (110,668)	20,257,400
PORTFOLIO TOTAL	<u>\$ 37,508,956</u>	<u>\$ 37,923,701</u>	<u>\$ 39,385,798</u>	<u>\$ 49,682,075</u>	<u>\$ 35,740</u>	<u>\$ 27,663,164</u>	<u>\$ (110,668)</u>	<u>\$ 27,140,301</u>

NOTES:

- (1) The TexPool yield varies daily. The average yield as of August 31, 2005 was 3.45 % and the November 30, 2005 average yield was 3.99%.
- (2) The Logic yield varies daily. The average yield for August 31, 2005 was .340% and the November 30, 2005 average yield was 3.88%.
- (3) The benchmark for the Unrestricted and Restricted Funds is the 90 day U.S. Treasury Bill. As of November, 2005 the rate was 3.93%.
- (5) The Lone Star yield varies daily. The average yield as of August 31, 2005 was 3.29% and the November 30, 2005 average yield was 3.381%.

Statements of Compliance:

This report is presented in accordance with Generally Accepted Accounting Principles and will be reviewed by the District's Independent Auditors, McConnell & Jones LLP.
This report reflects compliance with the investment strategy expressed in the Investment Policy of the Board of Trustees and the Public Funds Investment Act as amended by HB 2459.

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
INVESTMENT PORTFOLIO REPORT
FOR THE QUARTER ENDED NOVEMBER 30, 2005**

FUND: OPERATING (RESTRICTED)

	Purchase Date	Maturity Date	Face Amount	Buy Yield	Beginning Market Value 8/31/2005	Beginning Book Value 8/31/2005	Securities Purchased	Securities Matured	Disc. / Prem. Amortization	Ending Book Value 11/30/2005	Period Unrealized Gain / (Loss)	Ending Market Value 11/30/2005
MONEY MARKET FUNDS / INVESTMENT POOLS												
Lone Star	4/1/2003	N/A	N/A	(5)	\$ 6,944	\$ 6,944	\$ 599			\$ 7,543		\$ 7,543
TOTAL					<u>\$ 6,944</u>	<u>\$ 6,944</u>	<u>\$ 599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,543</u>	<u>\$ -</u>	<u>\$ 7,543</u>

SUMMARY:

MONEY MKT FUNDS / POOLS	\$ 6,944	\$ 6,944	\$ 599		\$ 7,543		\$ 7,543	
PORTFOLIO TOTAL	<u>\$ 6,944</u>	<u>\$ 6,944</u>	<u>\$ 599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,543</u>	<u>\$ -</u>	<u>\$ 7,543</u>

NOTES:

- (1) The TexPool yield varies daily. The average yield as of August 31, 2005 was 3.45 % and the Noveber 30, 2005 average yield was 3.99%.
- (3) The benchmark for the Unrestricted and Restricted Funds is the 90 day U.S. Treasury Bill. As of November, 2005 the rate was 3.93%.
- (5) The Lone Star yield varies daily. The average yield as of August 31, 2005 was 3.29% and the November 30, 2005 average yield was 3.3.81%.

Statements of Compliance:

This report is presented in accordance with Generally Accepted Accounting Principles and will be reviewed by the District's Independent Auditors, McConnell & Jones LLP.
This report reflects compliance with the investment strategy expressed in the Investment Policy of the Board of Trustees and the Public Funds Investment Act as amended by HB 2459.

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
INVESTMENT PORTFOLIO REPORT
FOR THE QUARTER ENDED NOVEMBER 30, 2005**

FUND: CONSTRUCTION IN PROGRESS

	Purchase Date	Maturity Date	Face Amount	Buy Yield	Beginning Market Value 8/31/2005	Beginning Book Value 8/31/2005	Period Book / Market Transactions			Ending Book Value 11/30/2005	Period Unrealized Gain / (Loss)	Ending Market Value 11/30/2005
							Securities Purchased	Securities Matured	Disc. / Prem. Amortization			
MONEY MARKET FUNDS / INVESTMENT POOLS												
Lone Star	3/1/2003	N/A	N/A	(5)	\$ 10,575	\$ 10,575		\$ 10,575				
TOTAL					<u>\$ 10,575</u>	<u>\$ 10,575</u>	<u></u>	<u>\$ 10,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUMMARY:

MONEY MKT FUNDS / POOLS	\$ 10,575	\$ 10,575		\$ 10,575								
AGENCY SECURITIES												
PORTFOLIO TOTAL	<u>\$ 10,575</u>	<u>\$ 10,575</u>	<u>\$ -</u>	<u>\$ 10,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES:

- (1) The TexPool yield varies daily. The average yield as of August 31, 2005 was 3.45 % and the Noveber 30, 2005 average yield was 3.99%.
- (4) The benchmark for the Construction in Progress and Interest & Sinking Funds is a 1 year Global Agency. As of November 30, 2005 the rate was 4.48%.
- (5) The Lone Star yield varies daily. The average yield as of August 31, 2005 was 3.29% and the November 30, 2005 average yield was 3.3.81%.

Statements of Compliance:

This report is presented in accordance with Generally Accepted Accounting Principles and will be reviewed by the District's Independent Auditors, McConnell & Jones LLP.
This report reflects compliance with the investment strategy expressed in the Investment Policy of the Board of Trustees and the Public Funds Investment Act as amended by HB 2459.

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
INVESTMENT PORTFOLIO REPORT
FOR THE QUARTER ENDED NOVEMBER 30, 2005**

FUND: INTEREST & SINKING

	Purchase Date	Maturity Date	Face Amount	Buy Yield	Beginning	Beginning	Period Book / Market Transactions			Ending	Period	Ending
					Market Value 8/31/2005	Book Value 8/31/2005	Securities Purchased	Securities Matured	Disc. / Prem. Amortization	Book Value 11/30/2005	Unrealized Gain / (Loss)	Market Value 11/30/2005
MONEY MARKET FUNDS / INVESTMENT POOLS												
TexPool	5/26/1994	N/A	N/A	(1)	\$ 4,123	\$ 4,123	\$ 39			\$ 4,162		\$ 4,162
Logic	2/5/1997	N/A	N/A	(2)	1,029	1,029	10			1,039		1,039
Lone Star	3/29/2001	N/A	N/A	(6)	1,663,427	1,663,427	631,327	\$ 81,300		2,213,454		2,213,454
TOTAL					<u>\$ 1,668,579</u>	<u>\$ 1,668,579</u>	<u>\$ 631,376</u>	<u>\$ 81,300</u>	<u>\$ -</u>	<u>\$ 2,218,655</u>	<u>\$ -</u>	<u>\$ 2,218,655</u>

SUMMARY:

MONEY MKT FUNDS / POOLS	\$ 1,668,579	\$ 1,668,579	\$ 631,376	\$ 81,300	\$ 2,218,655	\$ 2,218,655
AGENCY SECURITIES				\$ -	\$ -	\$ -
PORTFOLIO TOTAL	<u>\$ 1,668,579</u>	<u>\$ 1,668,579</u>	<u>\$ 631,376</u>	<u>\$ 81,300</u>	<u>\$ 2,218,655</u>	<u>\$ 2,218,655</u>

NOTES:

- (1) The TexPool yield varies daily. The average yield as of August 31, 2005 was 3.45 % and the Noveber 30, 2005 average yield was 3.99%.
- (2) The Logic yield varies daily. The average yield for August 31, 2005 was .340% and the November 30, 2005 average yield was 3.88%.
- (4) The benchmark for the Construction in Progress and Interest & Sinking Funds is a 1 year Global Agency. As of November 30, 2005 the rate was 4.48%.
- (5) The Lone Star yield varies daily. The average yield as of August 31, 2005 was 3.29% and the November 30, 2005 average yield was 3.3.81%.

Statements of Compliance:

This report is presented in accordance with Generally Accepted Accounting Principles and will be reviewed by the District's Independent Auditors, McConnell & Jones LLP.
This report reflects compliance with the investment strategy expressed in the Investment Policy of the Board of Trustees and the Public Funds Investment Act as amended by HB 2459.

**NORTH HARRIS MONTGOMERY COMMUNITY COLLEGE DISTRICT
INVESTMENT PORTFOLIO REPORT
AS OF NOVEMBER 30, 2005**

Type of Security	Portfolio %	Book Value 11/30/2005	Period Unrealized Gains / (Losses)	Market Value 11/30/2005
Money Market Funds and Investment Pools	31.0%	\$ 9,109,099		\$ 9,109,099
Agency Securities	69.0%	20,780,263	\$ (110,668)	20,257,400
Portfolio Total	100.0%	\$ 29,889,362	\$ (110,668)	\$ 29,366,499

Request: Consideration of Approval to Establish an Investment Account with TreasuryDirect

Chancellor's Recommendation: That the Board of Trustees authorize the Vice Chancellor for Business Affairs/Chief Financial Officer to execute the necessary documents to establish an investment account with TreasuryDirect.

Rationale: TreasuryDirect is a service offered by the U.S. Bureau of the Public Debt that will allow the District to buy Treasury securities directly from the federal government and hold them electronically in accounts with the U.S. Treasury. Securities offered to the public through TreasuryDirect are backed by the full faith and credit of the U.S. Government. Purchases through TreasuryDirect eliminate the costs of purchasing Treasury securities through a broker or a bank, estimated at an average of \$400 per transaction. Treasury Direct does charge an annual maintenance fee of \$25 for accounts whose par balance is greater than \$100,000.

TreasuryDirect sells its securities to the public through single-price auctions where all successful bidders buy securities at a price equal to the highest accepted yield (Treasury Notes) or the highest accepted discount rate (Treasury Bills). The highest accepted rate is set by competitive bidders (generally large financial institutions and broker/dealers).

The Vice Chancellor for Business Affairs/Chief Financial Officer and the Deputy Vice Chancellor of Finance & Treasury, as Investment Officers of the District, will utilize the TreasuryDirect account to invest available District funds in Treasury securities in a manner consistent with the District's Investment Policy.

Fiscal Impact: The \$25 annual maintenance fee is provided for in the 2005-2006 Operating budget.

Staff Resource: Ken Lynn 832-813-6545
Cindy Gilliam 832-813-6512