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LSU BOARD OF SUPERVISORS MEETING

*South Stadium Club, Gate 20, Tiger Stadium*

*Louisiana State University*

*North Stadium Drive, Baton Rouge, LA 70803*

*Friday, September 11, 2020 | Time: 9:00 a.m. CT*

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- I. Call to Order and Roll Call
- II. Invocation and Pledge of Allegiance
- III. Public Comment
- IV. Committee Meetings
  - A. Academic & Research Committee
    1. Request from LSUHSC- Shreveport for Initial Designation of the Patient-Centered Rehabilitation Center of Academic Excellence
  - B. Finance Committee
    1. Recommendation to Approve the Fiscal Year 2020-21 Operating Budget
    2. Update on IT Governance Audit Action Plan
  - C. Property & Facilities Committee
    1. Request for Approval of the FY 2021-22 Five-Year Capital Outlay Budget Request and First Year Prioritized Categories for Louisiana State University
    2. Request from LSU Health Care Services Division to Approve a Request to Sell the Former Earl K. Long Hospital Property
    3. Request from LSU Health Sciences Center-New Orleans to Approve an Intent to Lease Agreement between the LSU Health Foundation and the LSU Board of Supervisors for the Lease of the Clinical Education, Dibert, and L&M Buildings
    4. Request from LSU Health Sciences Center-Shreveport to Approve the Schematic Designs of the Center for Medical Education and Wellness
    5. Request to Authorize an Intent to Lease Agreement with the LSU Real Estate and Facilities Foundation for the Utilities Modernization Initiative
  - D. Affiliated Organization Oversight Committee
    1. Recommendation to Approve an Affiliation Agreement with the LSU Foundation
    2. Recommendation to Approve an Affiliation Agreement with the LSU Alumni Association
    3. Recommendation to Approve an Affiliation Agreement with the Tiger Athletic Foundation
    4. Recommendation to Approve an Affiliation Agreement with the LSU Research Foundation
    5. Recommendation to Approve an Affiliation Agreement with the LSU Real Estate and Facilities Foundation
    6. Recommendation to Approve an Affiliation Agreement with the LSU Property Foundation
- V. Reconvene Board Meeting
- VI. Approval of Meeting Minutes
- VII. Reports from Council of Staff Advisors and Council of Faculty Advisors
- VIII. Personnel Actions Requiring Board Approval
- IX. Reports to the Board
  - A. 4<sup>th</sup> Quarter Informational Report
  - B. Semi-Annual Report Ending June 30, 2020
- X. Approval of Committee Reports

*The Board or its Committees may enter into Executive Session in accordance with the provisions of LA R.S. 42:17*

- XI. President's Report
- XII. Chair's Report
- XIII. Oath of Office for Chair
- XIV. Election for Chair-elect
- XV. Adjournment

*The Board or its Committees may enter into Executive Session in accordance with the provisions of LA R.S. 42:17*



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## Board of Supervisors

### ACADEMIC & RESEARCH COMMITTEE

BOARD OF SUPERVISORS MEETING | SEPTEMBER 11, 2020



## Board of Supervisors

### Request from LSU Health Center Sciences – Shreveport for Initial Designation of the Patient-Centered Rehabilitation Center of Academic Excellence

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1, Paragraph A

- A. Any matter having a significant or long-term impact, directly or indirectly, on the finances or the academic, educational, research, and service missions of the University or any of its campuses.

#### 2. Summary of Matter

LSU Health Sciences Center – Shreveport is requesting initial designation as a Center of Academic Excellence for Patient-Centered Rehabilitation (PaCeR). The unique aspect of this proposed center is its ability to provide layered learning between clinical faculty, pre- and post-professional learners, and patients, which then puts an emphasis on patient-centered treatment and best practices. The center’s objectives are to increase capacity for and production of clinical specialists in rehabilitation, to provide learning opportunities for multi-disciplinary health care teams to engage in innovative clinical practice, to provide robust patient volume and variety of diagnostic conditions for collaborative, translational research and scholarship, and to create opportunities for underrepresented minority students to participate in experiential learning in the rehabilitation professions.

PaCeR will be housed within the School of Allied Health Professions (SAHP), which was initially established in 1977 as an extension of the School of Allied Health Professions, LSUHSC-New Orleans. By 1994, there were five academic programs consisting of Cardiopulmonary Science (CPS), Medical Laboratory Science (MLS), Communication Disorders, Physical Therapy, Occupational Therapy (OT), and one new program for Physician Assistants. On March 25, 2004, the Louisiana Board of Regents granted approval for LSU Health Shreveport to establish a School of Allied Health Professions separate and distinct from New Orleans. Today, SAHP includes eight academic programs: two at the bachelor’s level, three at the master’s level, a joint MPH offering with LSUS, and two at the doctoral level. In addition, the Department of Clinical Services within the SAHP includes three clinics: the Faculty Rehabilitation Clinic (FRC), Mollie E. Webb Speech and Hearing Center (MEWSHC), and the Children’s Center (CC).

The culture within these three clinics is the layered learning between clinical faculty and their patients alongside pre- and post- professional learners. This culture engages the learner with the clinical faculty to promote further development and mentoring of individual clinical reasoning through analysis and discussion of each individual patient’s case. This places an emphasis on patient-centered treatment and assists in shaping critical thinking skills and application of best practice. Furthermore, LSUHSC-S clinics have established collaborative relationships with clinical departments in the School of Medicine or other Centers within LSUHSC-S including Orthopaedic Surgery, General Surgery, Medicine, Family Medicine, Neurosurgery, Neurology,

Center for Brain Health (CBH), Feist Weiller Cancer Center's Lifestyle Medicine Program for cancer survivors, Psychiatry, Pediatrics, COVID Survivors Clinic, and the LSU- Shreveport Center of Excellence for Arthritis and Rheumatology (CEAR), among others.

The Center for Academic Excellence designation will recognize current successes and efforts in providing excellence in education and patient care and contribute to opportunities for further multi-disciplinary collaboration in clinical and translational rehabilitation research. The focus of PaCeR will establish an infrastructure to bring the relevant academic, research, and clinical programs of the SAHP into alignment around the purpose of the center: patient centered rehabilitation in an academic culture of excellence for clinical learning, innovation, and collaboration. The benefit of this alignment will enhance the ability to prioritize available resources from philanthropic, grant, and clinical revenue sources toward strategic investments in teaching, research, and scholarships to best serve the needs of students, patients, faculty, community, and the state of Louisiana.

The Center will thus use its collaborative infrastructure to infuse layered learning (academic, clinical, and professional) into all its affiliated programs, clinics, research, publications, and services.

### **3. Review of Business Plan**

The SAHP has a robust academic and clinical presence. The academic arm is directed and managed through the Assistant Dean of Academic and Student Affairs and the clinical arm is managed through the Assistant Dean of Clinical Affairs. PaCeR aligns between the clinical and academic functions in order to draw upon and strengthen the synergies across these two strong assets of the SAHP. The Director of the PaCeR will be a direct report to the Assistant Dean of Clinical Affairs because the clinic is precisely where the Center will best realize the objectives and goals of collaborative education, practice, and research. The Dean of the SAHP reports directly to the LSUHSC-S Chancellor and through this relationship and inclusion on the administrative team, integration is made possible through strategic alliances and synergies throughout the School of Medicine, School of Graduate Studies, and the partnership with Ochsner-LSU Health System (OLHS) through the Joint Venture. Though the Director of PaCeR will report directly to the Assistant Dean of Clinical Affairs, he/she will have strong alliances across the clinical, scientific, and academic leadership of the school through the clinical enterprise. In addition, an important relationship is to the Assistant Dean of Development to engage in continued funding efforts and philanthropic opportunities to support the Center. These ties and this Center will bring synergies and efficiencies, thereby strengthening the structure and function of the SAHP.

PaCeR will be housed in space already being utilized for this function in the SAHP, and the budget pulls from the Louisiana Department of Health, local and state funding, clinic revenue, and private donations. Each year, revenues exceed \$300K, which is enough to sustain the center's revenues annually for the next three years.

### **4. Fiscal Impact**

Not applicable.

**5. Description of Competitive Process**

Not applicable.

**6. Review of Legal Documents**

Not applicable.

**7. Parties of Interest**

Not applicable.

**8. Related Transactions**

Not applicable.

**9. Conflicts of Interest**

Not applicable.

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors does hereby approve the request from LSU Health Sciences Center – Shreveport for initial designation of the Patient-Centered Rehabilitation Center of Academic Excellence, subject to approval by the Louisiana Board of Regents.



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# Board of Supervisors

## FINANCE COMMITTEE

BOARD OF SUPERVISORS MEETING | SEPTEMBER 11, 2020



## Board of Supervisors

### Recommendation to Approve the Fiscal Year 2020-21 Operating Budget

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1

I. Any matter having a significant or long-term impact, directly or indirectly, on the finances or the academic, educational, research, and services missions of the University or any of its campuses.

#### 2. Summary of Matter

Each year an operating budget is developed that details the expected revenues and expenditures of the University for the fiscal year. These budgets are prepared in accordance with budget guidelines issued by the Board of Regents and the Division of Administration.

Pursuant to Board of Regents' guidelines, the University's operating budgets will be submitted to the Board of Regents on August 31<sup>st</sup>, with a caveat that they are being submitted contingent upon action by the LSU Board of Supervisors at its September 11<sup>th</sup> meeting. The Board of Regents will hold their annual hearings on the FY 2020-21 operating budget submissions from each postsecondary education management board and other higher education entities on September 22<sup>nd</sup>.

As noted in **Attachment I**, the total beginning unrestricted operating budget for Fiscal Year 2020-21, including the LSU Health Care Services Division, is \$1.06 billion. This represents a decrease of \$56.4 million or 5% from the final FY 2019-20 budget. Included in this decrease is a reduction in state general fund support of \$30.1 million, or 7.8%. In addition, there is a reduction in Interagency Transfers related to the one-time Coronavirus Relief Funds (CRF) of \$29.4 million included in the FY 2019-20 supplemental appropriations bill for use in FY 2020-21 to help offset the state general fund reduction. While the one-time CRF funds included in the FY 2019-20 supplemental bill overstate in part the actual overall reduction to the university's FY 2020-21 unrestricted operating budget given the intent of those funds to offset the FY 2020-21 state general fund cut, this will result in an actual FY 2021-22 budget reduction in the same amount if they are not replaced.

Estimated restricted revenues including auxiliary enterprise operations, grants and contracts, and other restricted sources total \$1.78 billion. The total Fiscal Year 2020-21 operating budget, including estimated restricted revenues, is \$2.84 billion.

A summary of FY 2020-21 budget priorities by campus is presented in **Attachment II**.

#### 3. Review of Business Plan

LSU campuses have submitted the Fiscal Year 2020-21 operating budget in the format requested by the Board of Regents and the Division of Administration.



**4. Fiscal Impact**

Not Applicable

**5. Description of Competitive Process**

Not Applicable

**6. Review of Legal Documents**

Not Applicable

**7. Parties of Interest**

Not Applicable

**8. Related Transactions**

Not Applicable

**9. Conflicts of Interest**

Not Applicable

**10. ATTACHMENTS**

- I. Summary of Fiscal Year 2020-21 Operating Budget Information
- II. Summary of Fiscal Year 2020-21 Campus Priorities
- III. Support materials for this item are available on the LSU Administration's web page

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve the operating budget for the fiscal year ending June 30, 2021, providing:

- (a) Final approval and commitment authorization of funds for unrestricted educational and general, medical, and related expenses in the amount of \$1,061,703,600 for the campuses shown below.

LSU A&M  
LSU Agricultural Center  
LSU Alexandria

LSU Eunice  
LSU Shreveport  
LSU Health Sciences Center, New Orleans  
LSU Health Sciences Center, Shreveport  
LSU Pennington Biomedical Research Center  
The Hospital and Central Office of the LSU Health Care Services Division

- (b) Commitment authorizations for auxiliary enterprises, grants and contracts, and other restricted funds estimated to be \$1,777,167,941.
- (c) Transactions included or referred to in the operating budget that otherwise require Board approval are not approved by mere inclusion in the operating budget.

**BE IT FURTHER RESOLVED** that each campus shall prepare a semi-annual financial report. The format of the report will include the following:

1. Budget and actual for unrestricted revenues by source of funds
2. Actual for unrestricted expenditures by object and by function
3. Beginning account balances and actual revenues and expenditures/transfers for restricted operations
4. Any significant changes in the budget that should be brought to the attention of the President and Board
5. An explanation of any significant reduction in anticipated revenues or significant increase in expenditures

Any subsequent modification to the reporting format will be approved by the President with notification to the Board.

**Board of Regents  
Form BOR-1  
Revenue/Expenditure Data**

Consolidated Louisiana State University System  
INCLUDES Health Care Services Division

Revenue/Expenditure	Actual 2019-2020	Budgeted* 2019-2020	Budgeted 2020-2021	Over/(Under) Budgeted 2019-20	% Change
<b>Revenues By Source:</b>					
<b>State Funds:</b>					
General Fund Direct	\$0	\$385,557,008	\$355,496,532	(\$30,060,476)	(7.80%)
<b>Statutory Dedicated:</b>	<b>\$0</b>	<b>\$29,900,604</b>	<b>\$27,104,716</b>	<b>(\$2,795,888)</b>	<b>(9.35%)</b>
Support Education in Louisiana First (SELF)	\$0	\$19,567,239	\$16,762,014	(\$2,805,225)	(14.34%)
Tobacco Tax Health Care Fund	\$0	\$5,990,293	\$5,624,046	(\$366,247)	(6.11%)
Equine Fund	\$0	\$750,000	\$750,000	\$0	0.00%
Fireman Training Fund	\$0	\$3,357,261	\$3,533,359	\$176,098	5.25%
Two Percent Fire Insurance Fund	\$0	\$210,000	\$210,000	\$0	0.00%
Education Excellence Fund	\$0	\$25,811	\$25,297	(\$514)	(1.99%)
Shreveport Riverfront	\$0	\$0	\$200,000	\$200,000	N/A
<b>Funds Due From Management Board or Regents:</b>					
Other	\$0	\$0	\$0	\$0	N/A
<b>Funds Due to Institutions:</b>					
Other	\$0	\$0	\$0	\$0	N/A
<b>Total State Funds</b>	<b>\$0</b>	<b>\$415,457,612</b>	<b>\$382,601,248</b>	<b>(\$32,856,364)</b>	<b>(7.91%)</b>
<b>Interagency Transfers</b>	<b>\$0</b>	<b>\$25,275,655</b>	<b>\$25,314,377</b>	<b>\$38,722</b>	<b>0.15%</b>
<b>Interagency Transfers - CARES Act</b>	<b>\$0</b>	<b>\$30,058,450</b>	<b>\$0</b>	<b>(\$30,058,450)</b>	<b>(100.00%)</b>
<b>Self Generated Funds</b>	<b>\$0</b>	<b>\$629,453,817</b>	<b>\$635,776,618</b>	<b>\$6,322,801</b>	<b>1.00%</b>
<b>Federal Funds</b>	<b>\$0</b>	<b>\$17,868,941</b>	<b>\$18,011,357</b>	<b>\$142,416</b>	<b>0.80%</b>
<b>Total Revenues</b>	<b>\$0</b>	<b>\$1,118,114,475</b>	<b>\$1,061,703,600</b>	<b>(\$56,410,875)</b>	<b>(5.05%)</b>
<b>Expenditures by Function:</b>					
Instruction	\$0	\$353,258,646	\$318,805,323	(\$34,453,323)	(9.75%)
Research	\$0	\$127,153,373	\$124,793,595	(\$2,359,778)	(1.86%)
Public Service	\$0	\$31,221,192	\$45,164,571	\$13,943,379	44.66%
Academic Support**	\$0	\$119,946,924	\$117,784,046	(\$2,162,878)	(1.80%)
Student Services	\$0	\$28,798,840	\$29,895,111	\$1,096,271	3.81%
Institutional Services	\$0	\$166,290,336	\$156,000,054	(\$10,290,282)	(6.19%)
Scholarships/Fellowships	\$0	\$114,896,322	\$136,659,259	\$21,762,937	18.94%
Plant Operations/Maintenance	\$0	\$108,034,660	\$112,326,659	\$4,291,999	3.97%
<b>Total E&amp;G Expenditures</b>	<b>\$0</b>	<b>\$1,049,600,293</b>	<b>\$1,041,428,618</b>	<b>(\$8,171,675)</b>	<b>(0.78%)</b>
Hospital	\$0	\$71,361,863	\$67,684,025	(\$3,677,838)	(5.15%)
Transfers out of agency	\$0	(\$2,847,681)	(\$47,409,043)	(\$44,561,362)	1,564.83%
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$1,118,114,475</b>	<b>\$1,061,703,600</b>	<b>(\$56,410,875)</b>	<b>(5.05%)</b>
<b>Expenditures by Object:</b>					
Salaries	\$0	\$499,836,733	\$478,841,270	(\$20,995,463)	(4.20%)
Other Compensation	\$0	\$60,263,045	\$58,867,662	(\$1,395,383)	(2.32%)
Related Benefits	\$0	\$226,596,328	\$208,223,404	(\$18,372,924)	(8.11%)
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$786,696,106</b>	<b>\$745,932,336</b>	<b>(\$40,763,770)</b>	<b>(5.18%)</b>
Travel	\$0	\$5,881,216	\$5,061,181	(\$820,035)	(13.94%)
Operating Services	\$0	\$91,716,798	\$90,769,814	(\$946,984)	(1.03%)
Supplies	\$0	\$39,769,872	\$35,068,092	(\$4,701,780)	(11.82%)
<b>Total Operating Expenses</b>	<b>\$0</b>	<b>\$137,367,886</b>	<b>\$130,899,087</b>	<b>(\$6,468,799)</b>	<b>(4.71%)</b>
Professional Services	\$0	\$28,319,652	\$27,674,820	(\$644,832)	(2.28%)
Other Charges	\$0	\$134,430,745	\$128,715,513	(\$5,715,232)	(4.25%)
Debt Services	\$0	\$260,039	\$262,124	\$2,085	0.80%
Interagency Transfers	\$0	\$20,339,911	\$19,137,424	(\$1,202,487)	(5.91%)
<b>Total Other Charges</b>	<b>\$0</b>	<b>\$183,350,347</b>	<b>\$175,789,881</b>	<b>(\$7,560,466)</b>	<b>(4.12%)</b>
General Acquisitions	\$0	\$9,475,747	\$5,915,262	(\$3,560,485)	(37.57%)
Library Acquisitions	\$0	\$1,211,538	\$1,126,150	(\$85,388)	(7.05%)
Major Repairs	\$0	\$12,851	\$2,040,884	\$2,028,033	15,781.13%
<b>Total Acquisitions and Major Repairs</b>	<b>\$0</b>	<b>\$10,700,136</b>	<b>\$9,082,296</b>	<b>(\$1,617,840)</b>	<b>(15.12%)</b>
Unallotted	\$0	\$0	\$0	\$0	N/A
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$1,118,114,475</b>	<b>\$1,061,703,600</b>	<b>(\$56,410,875)</b>	<b>(5.05%)</b>

\* This column should reflect the last approved BA-7 in FY 19-20

\*\*Library costs are included in the function of academic support and are detailed on the BOR-4A.

## Board of Regents

## Consolidated Louisiana State University System

## Form BOR-2

## INCLUDES Health Care Services Division

## Financing Other Than State Funds Appropriations

Source:	ACTUAL 2019-2020	BUDGETED 2019-2020	BUDGETED 2020-2021	OVER /UNDER 2019-2020
<b>Interagency Transfers:</b>				
Medicaid	\$0	\$4,685,626	\$4,769,040	\$83,414
Uncompensated Care	\$0	\$12,931,221	\$12,931,221	\$0
Hospital Contracts	\$0	\$0	\$0	\$0
Lab School	\$0	\$7,658,808	\$7,614,116	(\$44,692)
Other Total	\$0	\$0	\$0	\$0
<b>Total Other Interagency Transfers</b>	<b>\$0</b>	<b>\$25,275,655</b>	<b>\$25,314,377</b>	<b>\$38,722</b>
<b>Interagency Transfers - CARES Act</b>	<b>\$0</b>	<b>\$30,058,450</b>	<b>\$0</b>	<b>(\$30,058,450)</b>
<b>Non-Recurring Self-Generated Carry Forward</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Self-Generated Funds:</b>				
<b>Student Fees:</b>				
General Registration Fees	\$0	\$379,937,683	\$379,122,650	(\$815,033)
Non-Resident Fees	\$0	\$92,779,323	\$105,643,883	\$12,864,560
Academic Excellence Fee	\$0	\$18,192,073	\$19,474,174	\$1,282,101
Operational Fee	\$0	\$7,086,217	\$7,562,152	\$475,935
Academic Enhancement Fee	\$0	\$0	\$0	\$0
Building Use Fee	\$0	\$0	\$0	\$0
Building Use Fee - Act 426	\$0	\$0	\$0	\$0
Student Services Fee	\$0	\$0	\$0	\$0
Technology Fee	\$0	\$0	\$0	\$0
Energy Surcharge	\$0	\$0	\$0	\$0
University Self-Assessed Fees	\$0	\$55,525,737	\$59,554,845	\$4,029,108
Student Self-Assessed Fees	\$0	\$0	\$0	\$0
All Other Mandated Fees	\$0	\$2,415,000	\$2,555,000	\$140,000
All Other Student Fees	\$0	\$17,111,471	\$16,360,054	(\$751,417)
<b>Total Student Fees:</b>	<b>\$0</b>	<b>\$573,047,504</b>	<b>\$590,272,758</b>	<b>\$17,225,254</b>
Hospital - Commercial/Self-Pay	\$0	\$20,546,581	\$16,019,498	(\$4,527,083)
Sales and Services of Educational Activities	\$0	\$8,364,834	\$8,112,849	(\$251,985)
State Grants and Contracts	\$0	\$0	\$0	\$0
Organized Activities Related to Instruction	\$0	\$0	\$0	\$0
Athletics Other than Student Fees	\$0	\$0	\$0	\$0
Other Self-Generated Funds	\$0	\$27,494,898	\$21,371,512	(\$6,123,386)
<b>Total Self-Generated Funds</b>	<b>\$0</b>	<b>\$629,453,817</b>	<b>\$635,776,617</b>	<b>\$6,322,800</b>
<b>Federal Funds:</b>				
Federal Program Admin.	\$0	\$13,018,275	\$13,018,275	\$0
Medicare	\$0	\$4,850,666	\$4,993,082	\$142,416
<b>Grants:</b>				
Pell	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Total Federal Funds</b>	<b>\$0</b>	<b>\$17,868,941</b>	<b>\$18,011,357</b>	<b>\$142,416</b>
<b>Interim Emergency Board</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Revenues Other Than State Funds Appropriations</b>	<b>\$0</b>	<b>\$702,656,863</b>	<b>\$679,102,351</b>	<b>(\$23,554,512)</b>

Revenue Sources - Unrestricted & Restricted

Source:	BUDGETED 2019-2020						BUDGETED 2020-2021					
	UNRESTRICTED	% OF TOTAL	RESTRICTED	% OF TOTAL	TOTAL	% OF TOTAL	UNRESTRICTED	% OF TOTAL	RESTRICTED	% OF TOTAL	TOTAL	% OF TOTAL
<b>State Funds:</b>												
General Fund Direct	\$385,557,008	100.00%	\$0	0.00%	\$385,557,008	14.64%	\$355,496,532	100.00%	\$0	0.00%	\$355,496,532	12.52%
General Fund - Restoration Amount	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Statutory Dedicated	\$29,900,604	100.00%	\$0	0.00%	\$29,900,604	1.14%	\$27,104,716	100.00%	\$0	0.00%	\$27,104,716	0.95%
Higher Education Initiative Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Support Education in Louisiana First (SELF)	\$19,567,239	100.00%	\$0	0.00%	\$19,567,239	0.74%	\$16,762,014	100.00%	\$0	0.00%	\$16,762,014	0.59%
Tobacco Tax Health Care Fund	\$5,990,293	100.00%	\$0	0.00%	\$5,990,293	0.23%	\$5,624,046	100.00%	\$0	0.00%	\$5,624,046	0.20%
Calcasieu Parish Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Calcasieu Parish Higher Education Improvement Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Pari-Mutiel Live Racing Facility Gaming Control Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Southern University Agricultural Program Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Equine Fund	\$750,000	100.00%	\$0	0.00%	\$750,000	0.03%	\$750,000	100.00%	\$0	0.00%	\$750,000	0.03%
Fireman Training Fund	\$3,357,261	100.00%	\$0	0.00%	\$3,357,261	0.13%	\$3,533,359	100.00%	\$0	0.00%	\$3,533,359	0.12%
Two Percent Fire Insurance Fund	\$210,000	100.00%	\$0	0.00%	\$210,000	0.01%	\$210,000	100.00%	\$0	0.00%	\$210,000	0.01%
Health Excellence Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
La. Educational Quality Support Fund (LEQSF)	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Proprietary School Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Workforce Rapid Response	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Rockefeller Scholarship Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Orleans Excellence Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
TOPS Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Medical & Allied Health Scholarship & Loan Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Overcollections Fund	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Education Excellence Fund	\$25,811	100.00%	\$0	0.00%	\$25,811	0.00%	\$25,297	100.00%	\$0	0.00%	\$25,297	0.00%
Shreveport Riverfront	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$200,000	100.00%	\$0	0.00%	\$200,000	0.01%
<b>Funds Due From Management Board or Regents:</b>												
Other	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
<b>Funds Due to Institutions:</b>												
Other	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
<b>Total State Funds</b>	<b>\$415,457,612</b>	<b>100.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$415,457,612</b>	<b>15.77%</b>	<b>\$382,601,248</b>	<b>100.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$382,601,248</b>	<b>13.48%</b>
<b>Interagency Transfers:</b>												
Medicaid	\$4,685,626	100.00%	\$0	0.00%	\$4,685,626	0.31%	\$4,769,040	100.00%	\$0	0.00%	\$4,769,040	0.27%
Uncompensated Care	\$12,931,221	100.00%	\$0	0.00%	\$12,931,221	0.49%	\$12,931,221	100.00%	\$0	0.00%	\$12,931,221	0.46%
Hospital Contracts	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Lab School	\$7,658,808	100.00%	\$0	0.00%	\$7,658,808	0.29%	\$7,614,116	100.00%	\$0	0.00%	\$7,614,116	0.27%
Other Total	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
<b>Total Other Interagency Transfers</b>	<b>\$25,275,655</b>	<b>100.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$25,275,655</b>	<b>0.96%</b>	<b>\$25,314,377</b>	<b>100.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$25,314,377</b>	<b>0.89%</b>
<b>Interagency Transfers - CARES Act</b>	<b>\$30,058,450</b>	<b>100.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$30,058,450</b>	<b>1.14%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Non-Recurring Self Generated Carry Forward</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$5,361,800</b>	<b>100.00%</b>	<b>\$5,361,800</b>	<b>0.19%</b>
<b>Student Fees:</b>												
General Registration Fees	\$379,937,883	95.61%	\$17,465,127	4.39%	\$397,402,810	15.09%	\$379,122,651	94.76%	\$20,954,242	5.24%	\$400,076,893	14.09%
Non-Resident Fees	\$92,779,323	100.00%	\$0	0.00%	\$92,779,323	3.52%	\$105,643,883	100.00%	\$0	0.00%	\$105,643,883	3.72%
Academic Excellence Fee	\$18,192,073	100.00%	\$0	0.00%	\$18,192,073	0.69%	\$19,474,174	100.00%	\$0	0.00%	\$19,474,174	0.69%
Operational Fee	\$7,086,217	100.00%	\$0	0.00%	\$7,086,217	0.27%	\$7,562,152	100.00%	\$0	0.00%	\$7,562,152	0.27%
Student Athletic Fees	\$0	0.00%	\$3,267,338	100.00%	\$3,267,338	0.12%	\$0	0.00%	\$3,349,941	100.00%	\$3,349,941	0.12%
Other Total	\$75,052,208	65.56%	\$39,424,986	34.44%	\$114,477,194	4.35%	\$78,469,899	67.04%	\$38,574,803	32.96%	\$117,044,702	4.12%
<b>Total Student Fees:</b>	<b>\$673,047,504</b>	<b>1</b>	<b>\$60,157,451</b>	<b>0</b>	<b>\$633,204,955</b>	<b>0</b>	<b>\$590,272,759</b>	<b>1</b>	<b>\$62,878,986</b>	<b>0</b>	<b>\$653,151,745</b>	<b>0</b>
Hospital - Commercial/Self-Pay	\$20,546,581	100.00%	\$0	0.00%	\$20,546,581	0.78%	\$16,019,498	100.00%	\$0	0.00%	\$16,019,498	0.56%
Physician Practice Plans	\$0	0.00%	\$12,357,000	100.00%	\$12,357,000	0.47%	\$0	0.00%	-\$23,556,000	0.00%	-\$23,556,000	(0.83%)
Sales and Services of Educational Activities	\$8,364,834	16.69%	\$41,752,445	83.31%	\$50,117,279	1.90%	\$8,112,849	16.27%	\$41,763,000	83.73%	\$49,875,849	1.76%
State Grants and Contracts	\$0	0.00%	\$70,925,528	100.00%	\$70,925,528	2.69%	\$0	0.00%	\$71,800,112	100.00%	\$71,800,112	2.53%
Organized Activities Related to Instruction	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Athletics Other than Student Fees	\$0	0.00%	\$134,263,320	100.00%	\$134,263,320	5.10%	\$0	0.00%	\$146,161,500	100.00%	\$146,161,500	5.15%
Auxiliaries (Excluding Athletics)	\$0	0.00%	\$138,207,088	100.00%	\$138,207,088	5.25%	\$0	0.00%	\$141,864,580	100.00%	\$141,864,580	5.00%
Endowment Income	\$0	0.00%	\$8,897,589	100.00%	\$8,897,589	0.34%	\$0	0.00%	\$9,926,674	100.00%	\$9,926,674	0.35%
Gifts, Grants, and Contracts	\$0	0.00%	\$633,437,108	100.00%	\$633,437,108	24.05%	\$0	0.00%	\$848,393,254	100.00%	\$848,393,254	29.88%
Other Self-Generated Funds	\$27,494,896	11.82%	\$205,126,352	88.18%	\$232,621,250	8.83%	\$21,371,512	7.81%	\$252,388,036	92.19%	\$273,759,548	9.64%
<b>Total Self-Generated Funds</b>	<b>\$629,453,817</b>	<b>32.54%</b>	<b>\$1,305,123,881</b>	<b>67.46%</b>	<b>\$1,934,577,698</b>	<b>73.44%</b>	<b>\$638,776,618</b>	<b>29.07%</b>	<b>\$1,551,620,142</b>	<b>70.93%</b>	<b>\$2,187,396,760</b>	<b>77.05%</b>
<b>Federal Funds:</b>												
Federal Program Admin.	\$13,018,275	99.95%	\$7,000	0.05%	\$13,025,275	0.49%	\$13,018,275	100.00%	\$0	0.00%	\$13,018,275	0.46%
Medicare	\$4,850,666	100.00%	\$0	0.00%	\$4,850,666	0.18%	\$4,993,082	100.00%	\$0	0.00%	\$4,993,082	0.18%
<b>Grants:</b>												
Pell	\$0	0.00%	\$45,100,000	100.00%	\$45,100,000	1.71%	\$0	0.00%	\$48,345,000	100.00%	\$48,345,000	1.70%
Other	\$0	0.00%	\$165,932,659	100.00%	\$165,932,659	6.30%	\$0	0.00%	\$171,840,999	100.00%	\$171,840,999	6.05%
<b>Total Federal Funds</b>	<b>\$17,868,941</b>	<b>7.81%</b>	<b>\$211,039,659</b>	<b>92.19%</b>	<b>\$228,908,600</b>	<b>8.89%</b>	<b>\$18,011,357</b>	<b>7.56%</b>	<b>\$220,185,999</b>	<b>92.44%</b>	<b>\$238,197,356</b>	<b>8.39%</b>
<b>Interim Emergency Board</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Total Revenues</b>	<b>\$1,118,114,475</b>	<b>42.44%</b>	<b>\$1,516,163,540</b>	<b>57.56%</b>	<b>\$2,634,278,015</b>	<b>100.00%</b>	<b>\$1,061,703,600</b>	<b>37.40%</b>	<b>\$1,777,167,941</b>	<b>62.60%</b>	<b>\$2,838,871,541</b>	<b>100.00%</b>

The reported amount of unrestricted revenue should equal the total revenue amounts reported on Form BOR-1 for the appropriate year.

**FY 2020-2021 OPERATING BUDGET PRIORITIES SUBMITTED BY CAMPUSES****Louisiana State University and Agricultural and Mechanical College**

This narrative overview of LSU's FY 2020-21 operating budget briefly describes the priorities and strategies implemented in preparing a balanced FY 2020-21 operating budget and also comments on priorities and issues to be addressed in planning for the FY 2021-22 operating budget and beyond.

LSU's FY 2020-21 operating budget reflects a decrease of approximately \$8.2M compared to the FY 2019-20 ending budget. This decrease was the result of the following factors:

The FY 2019-20 Supplemental Appropriations Bill (HB 307) provided one-time increases for Federal Coronavirus Relief Funding (CRF) of \$5.36M and Lab School Minimum Foundation Program (MFP) funding of \$45K. These one-time budget increases are not included in the FY 2020-21 Operating Budget. The CRF was appropriated to LSU in FY 2019-20 with the intent to have that exact amount in self-generated funding carryforward to FY 2020-21 operating budget to offset a \$5.36M decrease in the state general fund direct appropriation. The Legislature also reduced the institution's state general fund direct formula funding appropriations by \$3.06M, decreased the Support Education in Louisiana First (SELF) statutory dedication funding by \$1.2M, increased the statutory dedicated funds for Firemen Training by approximately \$0.2M and increased self-generated funding by \$6.7M. LSU has developed a balanced FY 2020-21 budget which included increased expenses for unfunded mandates and institutional commitments and obligations. It should be noted that LSU will submit a request to the Division of Administration to increase its self-generated revenue authority by approximately \$30M in the supplemental appropriation bill during the 2021 regular legislative session. This increased revenue, which is included in the FY 2020-21 budget, includes revenues from tuition and fees due to projected new freshmen and continuing/transfer enrollment increases in FY 2020-21 as well as other projected revenue increases for the Vet School, Law Center and Lab School.

The campus must continue to keep investments in faculty and staff as one of its top priorities in order to provide the quality of education analogous with other national flagship universities. Unfortunately, LSU does not have the revenues available to include a merit increase program in the FY 2020-21 operating budget for its faculty or professional staff. In light of being 13% behind faculty pay at our Carnegie Land Grant peers, forgoing a merit increase program for the second consecutive year will continue to make it difficult to recruit and retain top faculty and staff. Described below is a summary of the items/issues that were included in the FY 2020-21 operating budget development process.

**Revenues:**

- **(\$21.1 million).** This is the net of a decrease in State General Fund (\$8.4M), decrease in statutory dedicated funding (\$1.2M), and an increase in self-generated funding (\$30.7M). The net increase in

self-generated funds includes a projected undergraduate, Law and Vet student enrollment increase in FY 20-21 (\$25.4M) and CRF carryforward (\$5.3M).

### **Operating Budget Obligations:**

- **(\$1.9 million).** A net increase in state mandates related to retirement, legislative auditor, anticipated group health insurance premiums, and classified merit increases
- **(\$7.6 million).** The increase in institutional obligations related to funding activities such as faculty promotions and awards, utility increases, and institutional software
- **(\$21.1 million).** An increase in the cost of tuition and fee exemptions due to a projected increase in new freshmen enrollment and other need based aid for new and continuing students
- **(\$8.8 million).** The increase in funding obligations due to Athletic Non-resident Fee Exemptions costs transferring to the institution (\$4.0M) and a decrease in Athletics' administrative support to the institution (\$4.8M)

In summary terms, the University had to overcome a \$18.3 million deficit, in order to meet its obligations. This was resolved by funds made available from internal savings and one time actions as described below:

### **INTERNAL SAVINGS AND ONE-TIME TEMPORARY ACTIONS (\$18.3 MILLION):**

- **\$5.9 million.** The amount budgeted at the University level for fringe benefits was offset by increases in recovery of fringe benefit expenses from auxiliaries, sponsored programs, and other self-generated units. The university will also realize savings and revenues from items such as vacant positions, related fringes and other miscellaneous charges/revenues
- **\$ 1.9 million.** The School of Veterinary Medicine and Law Center operate as Responsibility Centered Management (RCM) units and retain the revenues they generate in order to cover the cost of their operations. These units will pay for their unfunded mandates and absorb their portion of the state funding cut
- **\$10.5 million.** Temporary actions such as the one-time use of funds from the Building Use Fee, hiring process changes, and unexpended salaries will be used to fund the remaining portion of the deficit.

LSU is able to balance the FY 2020-21 operating budget through the dedication and hard work of the faculty, staff, and campus administrators. The University continues to provide our students with a high quality

education and is graduating more students than ever before which is directly attributable to the dedication and efforts of the faculty. Additionally, the administration and staff work diligently every day to insure the best possible experience for our students while providing our faculty with the services they need to be successful.

Looking forward, we believe that LSU will have a bright future and continue to improve its performance and service to Louisiana and the nation if:

- (1) the Governor and Legislature commit to addressing the state funding deficit compared to peer institutions;
- (2) the State provides public colleges and universities with the autonomy to set fee rates and retain tuition and other self-generated revenues in order to successfully meet institutional needs and priorities;
- (3) the state consistently and fully funds the TOPS program; and
- (4) LSU is consistently able to support and invest in its most valuable asset – the faculty and staff. The key to LSU’s short and long-term success is directly related to the number of faculty it employs, as well as its ability to recruit, retain, and reward faculty and staff by providing consistent annual merit salary increases and competitive fringe benefits

LSU will continue to ensure that high quality instruction, research, and service are its’ enduring contributions to the state and nation.

### **Louisiana State University Agricultural Center**

The LSU AgCenter received reductions to its budget including \$2.2 million in State General Fund (SGF), a \$3.4 million reduction/means of financing swap (Corona Relief Fund, CRF) and \$539,000 in Statutory Dedicated funds for the FY 2020-21 budget cycle.

This reduction was recognized by the legislature to impose significant hardship for continuity of statewide programs and operations with the inability to increase tuition and fees to offset the reductions. As a result, the legislature and Governor provided a direct allocation of \$4.25 million, through two separate allocations, to reduce the impact of the overall cuts and corresponding effects the budget cuts would have created. The AgCenter is enormously appreciative for the support of the Governor, the Commissioner of Administration, and the legislature. This funding support is invaluable for providing the community extension programs and long-term agricultural research at the core of the AgCenter’s mission.



Stability in funding is a priority for the AgCenter and other non-formula institutions. Without students to generate tuition and fees, reductions to SFG, statutory dedications and increased operational costs (mandated costs) must be offset by reducing operations and programs. While the AgCenter does not have students, the AgCenter has provided financial support to the College of Agriculture annually in excess of \$400,000 to support increased opportunities for students and faculty needs.

Over the last few years, the AgCenter made significant changes in the way programs are developed and delivered. The statewide staffing program for agricultural agents was moved from a parish-based model to a broader commodity-based system to meet clientele demands within existing resources. Throughout all functions, attention is being given to meeting stakeholder needs, recruiting students in agricultural disciplines for 4-H programs and for the College of Agriculture, expanding rural economic development initiatives and developing expanded opportunities for sustainable agricultural production.

With all of this in mind, the AgCenter has the following priorities for the coming year.

- Continue to maintain an appropriate extension presence in parishes, both in-person and virtually
- Continue to refine the commodity-based staffing plan for agricultural agents and develop supportive training strategies and web-based material
- Examine 4-H programs to effectively increase the overall program offerings and participation with an expanded use of technology for remote learning opportunities
- Provide a critical mass of faculty at priority branch stations and in academic departments, including adequate faculty to teach in the College of Agriculture
- Provide research and extension faculty to support Louisiana's principal agricultural commodities and emerging areas, in particular, digital media
- Provide adequate staff, operating support and infrastructure to support faculty programs
- Capitalize on major grant-funded nutrition initiatives by maintaining adequate faculty to conduct general nutrition education.

The AgCenter has identified the following as critical needs in addition to existing core areas:

- 4-H career readiness and workforce preparation skills
- Water quality and quantity issues
- Food safety from farm to table, food security
- Rural connectivity
- Food innovation to promote Louisiana food products and entrepreneurialism, as well as develop functional foods
- Development and use of advanced technologies such as UAV and GIS as monitoring tools for diseases and pests in crops
- Clientele training on digital media and presentation of information
- Nutrition education, with a primary focus on reducing obesity

The AgCenter receives the majority of operational funds through three primary sources:

- Federal capacity funds,
- State appropriations, and
- Local governments/Council/Police Jury/School Board

The AgCenter's primary source of funding is through the state appropriation. In addition to the state appropriation, a federal appropriation is received which has been fairly stable, although this could change with pressures at the federal level. Support from local governments has also been stable in previous years, but declining revenues collected by local governments statewide are threatening this stability. Louisiana agricultural producers provide funds through check-off programs that directly support programs and research initiatives, and the AgCenter also receives funds from technology transfer (intellectual property) and oil and gas royalties, most of which have been directly supporting salaries and support for extension and research faculty.

Compounding the issue of unstable base funding is the cost the COVID-19 response has had on the operating budget. Lost revenue from cancelled events, direct costs of moving functions statewide to remote work locations and the purchase of sanitization and Personal Protective Equipment (PPE) have directly cost in excess of \$600,000. Additionally, the AgCenter is investing more than \$850,000 into information technology to replace significantly outdated computers, provide software for ADA compliance, improve connectivity at statewide parish offices and research stations, provide training for faculty and staff on new technology that is essential to remaining in contact with stakeholders and updating security plans to combat increased risks to institutional information.

### **Louisiana State University Alexandria**

Total state funding for the FY 2020-21 was decreased by \$2,636,203 from General Funds and \$38,337 from statutory dedication. The majority of this was mitigated by CARES relief funds awarded in the FY20 fiscal year, however, the FY21 year will begin at a lower funding level than FY20. The university will continue to operate at a minimal level with limited resources. Staffing levels remain inadequate in all areas of the university. Many staff continue to take on additional duties in order to realize cost savings by holding positions open. Faculty overloads are at an all-time high and the number of adjunct faculty is higher than appropriate. Once again, this will continue throughout the FY 2020-21. Reductions in campus resources, operating cost, supplies and travel dollars will continue in to FY21 as limited dollars are moved toward high priority initiatives.

There are many aspects of the upcoming fiscal year that remain unforeseen – primarily due to the uncertainty surrounding the COVID-19 pandemic. Enrollment remains the top priority as well as the top concern. With 80% of operating revenues being generated from student tuition and fees, it remains critical to focus all efforts on recruitment and retention. As such, operating funds are distributed based on this factor alone.

Current projections for self-generated funding show revenue to be down compared to last fiscal year; however, this will be directly affected by enrollments in the 100% online programs. Moving into this year, the institution now receives 65% of tuition revenues compared to 50% of FY20. The hope is that this will mitigate the lost revenue from the decline in on-campus students. LSUA continues to work closely with LSU online to promote and grow the 100% online degree programs. Enrolment has grown by over 1000% since inception in 2015.

The overall FY 2020-21 proposed budget is based on these overall flat enrollment/revenue projections. Additionally, many departmental budgets were cut to account for the budget overages in FY20. The top two departmental reductions from FY20, (\$250,000) remains in place for the upcoming year. Funding is not yet available to bring these budgets back up to a nominal level. These departments are Facility Services and Information Technology.

With the exception of classified, civil service employees, this proposed budget does not include salary increases for unclassified staff or faculty. Several key positions, including two Department of Business faculty positions and two Department Chair positions will be held open. Additional vacancy freezes may be necessary, depending upon enrollment levels. Once again in FY21, this budget will only allow the institution to operate at minimum levels. This also assumes that there are no major unbudgeted expenditures or challenges that arise during the year.

A breakdown of the top areas within the FY 2020-21 budget are as follows:

<b>Top Allocations</b>	
Payroll (including Stu Work)	77.3%
Scholarships/Fee Exemption	6.9%
Insurance/Workman’s Comp/Unemployment	4.8%
Utilities	3.9%
Maintenance Contracts/Mandatory Expenses	2.4%
<b>TOTAL</b>	<b>95.3%</b>
<p><i>Remaining ~\$1.08M is allocated to supplies, equipment, maintenance, repairs, operating services, professional development and travel. <b>\$1,076,829 for those categories combined, for the entire campus, will lead to unacceptable challenges.</b></i></p>	

The top priority going into the new fiscal year is the continued emphasis on recruiting, enrollment and retention. As the university has become more dependent upon self-generated revenue, more funding has to be directed to resources that will result in new students and more students retained. Currently over \$2.21M is dedicated in this area of the university including institutional scholarship dollars.

New emphasis has been placed on growing on-campus enrollment by the creation of an Enrollment Task Force. This group, made up of all three vice-chancellors, as well as representatives from Enrollment Management, Financial Aid, Finance, IET, and Academic Departments, has been tasked with evaluating current recruiting and marketing initiatives and to put in place new/revised plans, all with a goal of directly impacting the on-campus population. Current projections show fall 2020 enrollment to be down by 150 to 200 on-campus students. While this difference will be made up by online students, degree programs that we are

intentionally growing, the decline in on-campus students remains one of the top issues that the university must address. In the fall of 2015, the on-campus population, not including dual enrollment was near 2500. Fall projections show just over 2000 – a 20% decrease. It's important to note that the revenue loss of losing an on-campus student is not directly offset by the gain of an online student. With online tuition being less than on-campus, coupled with retaining only 65% of the gross revenue, it takes approximately 1.65 online students to equal the same revenue. For instance, a drop of 200 on-campus students takes an increase of 330 online students to equal the same operating revenue.

Along with continuing to grow enrollment, the university must also continue to build back up auxiliary account balances that were previously drained. FY20, in part due to the COVID-19 closures, saw a significant increase in auxiliary balances. While Athletics remains to be a critical concern, significant progress was achieved in reducing debt from \$1.1M at the beginning of the year, to \$776K at the end of the year. Other challenges include Continuing Education, which closed the year at -\$184,990 and the LSUA Child Care Center that closed at -\$154,896.

These priorities, as outlined, are the only initiatives that current appropriations and self-generated funds will allow. Deferred maintenance continues to grow and currently stands at over \$12M. While not a part of the FY21 operating budget, campus flooding caused by lack of proper drainage remains a critical issue. Capital Outlay funding has been awarded and approved by the State Bond Commission for \$3.9M of the project. The remaining \$1.9M funds are Federal flood mitigation dollars that were made available after the 2016 Louisiana floods, but have yet to be released to Facility Planning and Control.

### **Louisiana State University Eunice**

LSU Eunice's unrestricted budget for FY 2020-21 is \$12,543,497 and represents a devastating 25% decrease of \$3,148,254.00 from the 2019-20 fiscal year due to the unprecedented economic catastrophe of COVID-19. LSUE serves an annual student enrollment of over 6,000 students (approximately 2700 unduplicated headcount in fall 2019) and relies on self-generated revenue (67%) and state of Louisiana appropriations (33%) to operate. Emerging from FY 2019-20 in which enrollment declined in both the fall and spring semesters compared to 2018-19, in addition to experiencing a ransomware attack in October of 2019, it is with cautious optimism that enrollment is 11.6% ahead of 2019 at this time.

Significant milestones and accomplishments in the 2019-2020 year include:

- Establishing a transparent budget for the campus
- Expanding the LSUE Cabinet from four to 13 for campus wide representation
- Restructuring Enrollment Management under new leadership and intensified collaboration of Student Affairs, Academic Affairs, Financial Aid and Finance
- Significant improvement in data analysis and metrics to drive decision-making
- Rapid response and positive crisis management to the ransomware attack

- Increases in faculty led grant applications and awards
- Increases in scholarships and gifts in the LSUE Foundation
- Progress in establishing a student-centered culture
- Identification of six new degree/certificate programs that being created in partnership with LSU Online
- Major improvements in technology and IT infrastructure
- Rapid upskilling of faculty and staff in the successful delivery of online instruction and virtual services as a response to COVID-19
- Recipient of \$2M in CARES Act funds
- Recipient of \$100K in CARES Act Funds for Minority Serving Institutions (MSI)

**FY 2020-21 priorities:**

LSUE is historically underfunded and under-resourced as compared to the two-year colleges in Louisiana. Despite this LSUE will continue to build on the substantial progress that occurred in 2019-20 to ensure that we are a student-centered organization, valuing diversity, inclusion and equity that is laser focused on providing the education and training needed for transfer and the workforce needs of the region and the state.

The number one priority for LSUE is to re-establish a financially sustainable campus through student enrollment, retention and success and the realignment of academic programs to meet student and state needs.

In order to accomplish this, LSUE must:

- Ensure that we have the health and safety of students and staff as our most essential priority as we navigate through COVID-19
- Continue to refine and improve the college-wide enrollment management plan
- Establish a concrete plan of work to improve diversity, inclusion and equity
- Work diligently to meet the demand for additional student housing
- Establish an effective marketing and communication plan
- Pursue the transformation of the existing Science Building into a STEAM (Science, Technology, Engineering, Agriculture and Manufacturing) Innovation Center through state, federal, private and community funding and partnerships
- Re-imagine the LeDoux Library as an Integrated Learning and Student Success Center needed for the 21<sup>st</sup> Century teaching and learned permanently changed by COVID-19

- Expand online degree programs and certificates in Allied Health, Business and Technology that meet employer needs in high paying careers
- Become a leader and trusted partner in local economic development
- Develop faculty and staff through essential training and professional development
- Provide adequate pay to faculty and staff to attract and retain the highest quality employees
- Embark in organizational change and rightsizing
- Work in greater collaboration within the LSU family to ensure maximized opportunities for student success and system growth
- Ensure LSUE is competitive and successful in the acquisition of state, federal and private funding opportunities

### **Louisiana State University Shreveport**

LSUS begins this year being in stable financial condition and expecting enrollment from Fall '19 to Fall '20 to be at least 1,000 students higher.

**Initiatives and/or Changes Associated with New Fiscal Year.** There are a number of new initiatives and/or challenges associated with our new fiscal year. These include:

- Salary increases for classified staff (up to 4%)
- Salary increases are budgeted for faculty and professional staff although we are not certain that these will be allowed in these economic times
- The addition of approximately 25 new positions for full-time faculty and 23 replacement or new staff members. The breakdown of those hired faculty and staff include approximately 17 tenure-track or tenured faculty, 9 non-tenure-track faculty, and 23 staff or administrative positions. This has been critical to provide quality instruction to our students and to meet program accreditation expectations with the enrollment now at approximately 9,000 students. LSUS was careful to hire non-tenured faculty versus all tenure-track faculty, as we are always aware that our graduate on-line enrollment could decline.
- Finally, with the new roof on our Health & Physical Education Building, we have broken ground on the state of the art Exercise Science Lab. The lab will contain a one of a kind atmospheric chamber in the state that will allow for research and testing of atmospheric processes at realistic but controlled conditions.
- The Cybercollaboratory was completed and LSUS plans to leverage this state of the art space along with the secured LED Grant to assist LSUS in leading our students into the STEM workplace of the

future and effectively collaborating with regional stakeholders. The space is ideal for collaboration with LSU, PBRC and LSU Health Shreveport.

- Now that LSUS has bought out the remaining 14 years of the lease on student housing, we will complete renovations on 75% of the apartments and initiate residence life programming to that engages our students in on campus living.
- LSUS plans to put forward at least three new academic program offerings, in the technology and health care areas, to the LSU Board of Supervisors and Board of Regents
- With the split of our College of Business, Education and Human Development into two Colleges, two new initiatives are underway. A new Business Intelligence Lab in the College of Business and a new state of the art Educational Resource Center to "teach the teacher". Also within the College of Education, an assessment is being done on the needs for a Community Counseling and Psychology Clinic that may allow for an additional revenue stream for LSUS
- LSUS has hired the new Associate VC for Diversity and Inclusion. With the new position, we will begin initiatives to ensure that the campus environment is inviting and equitable to all

**Major Challenges Associated with New Fiscal Year.** There are major challenges associated with the new fiscal year.

- Need to continue the focus on increasing undergraduate enrollment. LSUS is predicting slightly over 100 first time freshmen in the fall of '20 over fall of '19. Of course, this does not stabilize LSUS' economic situation if LSUS were to take a downturn in our large graduate online population. The University would be in financial exigency with the loss in the graduate programs' enrollment
- Continued need to effectively address salary compaction and market issues, especially for long term faculty and staff that have not had a permanent raise
- The potential for a mid-year budget cut will be difficult for LSUS as we had already begun self-funded capital projects in FY19-20 that will need to be seen to completion. The self-funded capital projects are necessary to bring the campus up to a standard worthy of attracting students to the campus

LSU Shreveport is grateful to begin the new fiscal year with a stable state appropriated budget. This has significantly contributed to our financial stability as we begin the year. The financial condition of LSUS is still tightly linked to state appropriations and student payment of tuition and fees. As such we continue to worry about the future of state appropriations and the ability to keep our enrollment numbers increasing.

### **LSU Pennington Biomedical Research Center**

The FY 2020-21 state operating budget for Pennington Biomedical represents a \$481,710 increase compared to 12/19/2019 EOB for FY 2019-2020. This may allow us to sustain our critical research programs and core facilities and help to maintain our competitiveness in an increasingly competitive research landscape.

As in prior years, the majority of the state appropriated funds are used to maintain an adequate research infrastructure and to support the closely related function of academic support for research to allow our faculty to compete for extramural funding research. Given the current funding situation at a federal level, it is important that Pennington Biomedical researchers continue their preeminently successful quest for regular federal grant awards. We continue to stress diversity in our research portfolio and focus on grant applications from the private sector and other foundations. We are continuing a trend toward changing the institutional model and striving for more industry partnerships toward our goal to increase revenue generation, though the COVID-19 pandemic has curtailed our momentum in the regard. We are also continuing our implementation of initiatives for clinical services, most notably to include treatment.

Our spending on the academic support function is focused on core support units to our research efforts such as Clinical Chemistry, Cell Biology, Imaging, Comparative Biology, Exercise Testing, Animal Metabolism and Behavior, Mass Spectrometry, Genomics, Transgenics, and the Clinical Trials Unit. We have maintained our continuing assessments of use and cost of all core services, and based on these assessments, we continue to optimize those operations.

We continually strive to maintain a tight and efficient administrative infrastructure despite increasing mandated costs. Our administrative costs have been reduced in order to maintain effective research funding. We continue to optimize the FTE count on the administrative side, taking every opportunity to leverage a shared services model. In addition to using state appropriations to provide a level of base support to existing research programs and core support units, Pennington Biomedical executive management has used a part of its state appropriation throughout the Center's 30+ year history as seed funding for new research programs and to match federally funded grants. Budget cuts that began in FY09 have limited our ability to seed new programs or recruit new scientists to the Center, or even to expand existing successful or promising programs, though we are making modest progress, Pennington Biomedical management will continue to look for any opportunities to expand research programs and fund new scientists and directors.

### **LSU Health Sciences Center in New Orleans**

The FY 2020-21 appropriation for the LSU Health Sciences Center in New Orleans Campus (LSUHSC-NO) is \$142.6 million. This represents a net decrease of \$11.3 million in comparison to the final appropriation of \$153.9 million for Fiscal Year 2019-20. It should be noted that the ending budget for Fiscal Year 2019-20 was increased by an IAT of \$5.3M for eligible expenses in response to the Coronavirus Pandemic. If we adjust for the \$5.3M the actual difference between years is a decrease of approximately \$6M. It should also be noted, however, that actual revenue received in FY 2019-20 was only \$151.6 million, a shortage of approximately \$2.3 million. The shortage consisted of \$728 thousand in Statutory Dedicated SELF funds and \$1.5 million in fees and self-generated funds. The LSUHSC-NO's FY 2020-21 appropriation was decreased in large part due to the \$5.4 million in general fund that equates to the \$5.4M provided and spent in FY 2019-20.; \$590 thousand



in SELF funds, an additional \$2.3 million reduction in general fund; \$590 thousand in SELF funds; netted against a net increase of approximately \$3.2 million in fees and self-generated funds. The majority of the fees and self-generated increases (\$1.3 million) are estimated in the School of Dentistry for the DDS and expansion of the DDS & Advanced Program for Internationally Educated Program. The remaining is basically an increase in unfunded budget authority of \$1.0 million.

**LSUHSC-NO Spending Priorities in FY 2019-2020:**

**Salary Adjustments**

*Civil Service Market Adjustments:*

Pursuant to changes in the civil service rules, annual performance adjustments/Merit increases were abolished effective July 1, 2018 and instead all eligible classified employees receive an annual increase in accordance with the new Market Adjustment Rule (CSR 6.32). Effective July 15<sup>th</sup> of each fiscal year, eligible classified employees receive a market adjustment. A market adjustment is an adjustment to an employee’s base pay based upon the employee’s position within his/her pay range.

In order to be eligible for a market adjustment, a classified employee must have been employed (at a state entity) six months preceding the disbursement date of July 15<sup>th</sup> of each year. The following employees shall not be eligible for market adjustments:

- Any classified employee who received an overall performance evaluation of Needs Improvement/Unsuccessful on their last official performance evaluation
- When Actually Employed (WAE) employees

Eligible classified employees will receive a base pay increase through a market adjustment annually on July 15<sup>th</sup>. The Percentage amount granted to an employee will be determined by identifying where their current hourly rate falls within his/her pay range. Eligibility percentages are below:

Hourly Rate at Minimum up to 1 <sup>st</sup> Quartile	Hourly Rate above 1 <sup>st</sup> Quartile up to the Midpoint	Hourly Rate above the Midpoint up to the 3 <sup>rd</sup> Quartile	Hourly Rate above 3 <sup>rd</sup> Quartile up to the Maximum
4%	3%	2%	2%

*Faculty Promotion and Tenure Adjustments:*

Effective July 1, 2020, the Health Sciences Center granted salary increases for faculty who have earned promotions in rank. Increases range between 5% and 12%. These faculty promotions come with an annual increase of \$851,866 including fringe benefits as follows:

Previous Title	Promotion Title	Number of Positions	FY 21 Annual Increase with Related Benefits
Assistant Librarian	Associate Librarian	1	\$9,252
Assistant Professor	Associate Professor	1	\$17,865
Assistant Professor Clinical	Associate Professor Clinical	24	\$354,374
Assistant Professor Research	Associate Professor Research	3	\$40,441
Associate Professor	Professor	9	\$186,559
Associate Professional Clinical	Professor Clinical	7	\$120,711
Associate Professor Clinical/Program Director	Professor	1	\$18,234
Associate Professor/Program Director	Professor	1	\$25,543
Clinical Assistant Professor	Clinical Associate Professor	10	\$18,581
Clinical Associate Professor	Clinical Professor	2	\$12,668
Instructor	Assistant Professor Clinical	2	\$24,670
Instructor	Assistant Professor Research	1	\$17,254
Instructor Research	Assistant Professor Research	1	\$5,714
Total LSUHSCNO Annual Increase		63	\$851,866

*Targeted Merit Adjustments:*

Effective in FY 2020-21, the Health Sciences Center granted salary increases for targeted meritorious performance for various employees as requested by the Chancellor, Deans or Vice Chancellor.

Because leadership is well aware of the State's fiscal condition, our University has placed an emphasis on creating and enhancing alternative sources of funding:

- LSUHSC-NO continues to seek new and/or expanded relationships with private and not-for-profit health care entities. We hope to have increases in revenue from private contracts this fiscal year
- LSUHSC-NO will receive capital outlay appropriations and other self-generated funds to repurpose the LSU Interim Hospital for the purpose of enhancing the LSUHSC-NO footprint including the construction and operation of a Center for Advanced Learning and Simulation
- LSUHSC-NO continues to explore new and innovative public-private partnerships to maximize revenue and utilize the transferred buildings including parking in support of repurposed buildings, housing for residents, students, and faculty, and clinics in support of Graduate Medical Education

The University also continues to focus on:

- Advancing a learning environment of excellence
- Enhancing the quality of educational programs
- Growing our reputation as a national leader in biomedical research and cancer research
- Improving access and quality of care to citizens, while promoting disease prevention and health awareness
- Building strong community partner relationships
- Protecting the safety and security of the University against the Coronavirus Pandemic with a targeted focus on testing and research

### **LSU Health Science Center in Shreveport**

**Mission:** The mission of Louisiana State University Health Sciences Center at Shreveport (LSUHSC-S) is to teach, heal, and discover to advance the well-being of the region and beyond.

**LSU's "Safety Net" Legal Obligation:** Louisiana Revised Statute 17:1519 *"providing medical care to any resident of the state of Louisiana, including the medically indigent (any person whose income is below two hundred percent of the Federal Poverty level) and uninsured population."*

### **Long Term Financial Goals:**

LSUHSC-S's path forward to financial stability and reducing the dependence on State Funding is to expand the clinical operations and increase the revenue generated from these operations. For the Education and Research programs, the goal is to maximize non-SGF revenue and ensure we are focused on the core activities necessary for us to successfully meet our mission.

### **Clinical Operations Growth with Hospital Partner**

- Continue to expand Medical Services at St. Mary's Hospital (Former Christus Hospital)
- Continue to address the \$120.0 million of deferred maintenance at Kings Highway Facilities
  - Budgeted to spend \$30.0 million a year for the next 4 years
  - Continue converting double occupancy rooms to single occupancy rooms, when completed we will have over ninety percent of the of our beds as single occupancy rooms
- Continue to open Outpatient clinics across the Shreveport and Monroe markets
  - Schedule to open an Urgent Care Clinic in Monroe
  - Open clinics in underserved areas of Shreveport

- Grow Inpatient operations in Monroe
  - Expand Cancer services
  - Expand Healthcare Facilities and Services at Monroe campus

## Education

- Continue to prepare for Liaison Committee on Medical Education (LCME) accreditation review scheduled for Spring of 2022
- Ground breaking for construction of New Medical Education and Wellness Building (Projected Opening January 2023)
  - The new Education Building, LSUHSC-S will have the facilities to expand the Medical School class size from 150 to 200 students per year
- Create a Department of Medical Education
  - LSUHSC-S is in the process of creating a Department of Medical Education within the School of Medicine; the goal of the new Department is to identify the core LSU employees responsible for Medical Education and ensure they have the necessary resources to work with the other Departments to ensure the optimal Medical Education experience for our students
- Continue working on the entrepreneurial education enrichment track for biomedical sciences
  - The School of Graduate Studies is creating an education enrichment track for students wishing to pursue entrepreneurial endeavors involving biomedical sciences
- Strategic Growth of Allied Health Programs
  - Consider PA and PT program capacity for strategic cohort size increases or distance offerings (expansion campuses); PA after 2024 for accreditation reasons

## Research

- Recruit a new Cancer Center Director along with translational and basic science cancer researchers
- Recruit new research faculty in both the clinical and basic science departments across research areas involving established centers
- Establish a clinical and translational research center focusing on health disparities and population health
  - Centralize clinical and translational research efforts under one central organization structure
  - Identify a medical director and administrative support overseeing operations of the center
- Establish a large animal research facility enabling federal and clinical translational research
  - Augment the LSU Health Shreveport large animal facility with state-of-the-art infrastructure (located in Stonewall, LA.)
  - Identify a director of research activities overseeing the animal facility and its operations
- Expand Technology Transfer and commercialization of biomedical discoveries
  - Create both educational and development programs increasing tech transfer awareness and submissions that continue growth of institutional tech transfer
  - Identify and establish public-private partnerships that will enhance commercialization of institutional technology into the private sector

### **Enhanced Well-Being**

- Construction of the Center for Medical Education and Wellness building will satisfy and greatly diminish the issues reported by LCME of “*strains on current recreational space*”

Additional efforts to strengthen well-being for students, residents, fellows and all employees will be accomplished both short and long term through

- Creation of a dedicated Institutional Wellness Coordinator position that will lead the burgeoning institutional well-being initiative
- Acquisition of Bunalog software which makes hundreds of wellness activities and education available 24/7 for all employees, students, residents and fellows

### **LSU Health Care Service Division**

For FY 2020-21, the LSU Health Care Services Division (HCSD) is appropriated a budget of \$63,479,784. Major changes in the budget are as follows:

- Lallie Kemp Regional Medical Center (LAKMC) was provided with twelve months of funding in the FY 2020-21 budget. State General Fund changed from \$23,981,083 to \$24,766,943 for FY2021. State General Fund increase consist of \$841,898 for market rate adjustment, \$512,497 Risk Management Increase, and \$6,509 for civil service increase.
- HCSD’s central office operations were moved off budget and therefore does not have a budget appropriation.
- As a result of the public-private partnership, several legacy costs remain with HCSD. Retiree’s group insurance and risk management make up the majority of these costs for FY2021. Other legacy costs include, but are not limited to, record storage, personnel cost, and legal fees. \$20,304,971 was added to the FY2021 budget to cover these costs. \$21,554,173 is the projected legacy cost for FY2021 for HCSD. This leaves \$1.2M in unfunded legacy costs.

Additionally:

- During 2013 and 2014, HCSD transitioned six of its seven hospitals to public-private partnerships. The partnerships are designed to support the HCSD mission by providing new resources for patient care and teaching. It is HCSD’s priority to provide supportive services to our partners to ensure that the mission is upheld. These services include IT systems and support, and accountable care services.
- It is a priority of HCSD to maintain existing programs, at current levels, and continued access to quality care at LAKMC.
- Lak Kemp Regional Medical Center received total of \$4,529,669.36 Cares Act Provider Relief Funding-Direct from Federal Government.



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## Board of Supervisors

### PROPERTY & FACILITIES COMMITTEE

BOARD OF SUPERVISORS MEETING | SEPTEMBER 11, 2020



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## Board of Supervisors

### Request for Approval of the FY 2021-2022 Five-Year Capital Outlay Budget Request and First Year Prioritized Categories for Louisiana State University

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 2

- A. Board approval of any capital outlay request or item, or approval of an operating budget, shall not be considered direct or indirect approval of any program or action, or authority to anyone to proceed in undertaking such matter, unless such matter relating to an approved capital outlay is separately and expressly approved by the Board after full compliance, review, and specific approval by the Board or President.
- B. Capital outlay prioritization must be approved by the Board or by the Executive Committee.

#### 2. Summary of Matter

The Division of Administration requires that annual Capital Outlay Budget Requests, which includes projects proposed to be undertaken within the next five years, be submitted no later than November 1<sup>st</sup>. Proposed projects will renovate, repair and construct facilities and infrastructure to meet the needs of teaching, research, service and health care programs of Louisiana State University.

#### 3. Review of Business Plan

To be submitted and reviewed for revenue bond projects.

#### 4. Fiscal Impact

Operation and maintenance cost will increase with new construction projects, deferred maintenance and utility costs will decrease with renovation projects.

#### 5. Description of Competitive Process

Not Applicable

#### 6. Review of Legal Documents

Campus Capital Outlay Projects Forms and 5-Year Plans are in order.

#### 7. Parties of Interest

None.

## 8. Related Transactions

Where Applicable and when appropriate, auxiliary revenue bonds documents will be provided to the Board for consideration.

## 9. Conflicts of Interest

None.

## 10. Attachments

1. 5-Year Plan
2. First Year Prioritized Project List

## RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that the following list of projects to be submitted to the Division of Administration in accordance with the provisions of La. R.S. 39:101 *et seq.* and first year prioritized project categories are approved and;

**BE IT FURTHER RESOLVED**, that the President of Louisiana State University, or his or her designee, be and he is hereby authorized to make adjustments as necessary in this request as circumstances dictate, including technical corrections, increasing or decreasing the amount requested for individual projects by not more than twenty percent (20%) of the amount approved in this resolution, combining or renaming projects and/or changing sources of funds and to add self-generated projects with individual project costs of less than \$1 million without further approval by the Board, provided, however, that such project additions be reported to the Board.

**BE IT FURTHER RESOLVED** that transactions included or referred to in the capital outlay request that otherwise require Board approval are not approved by inclusion in the capital outlay request per Article VII, Section 2, A of the Bylaws.



<b>INSTITUTION: LSU SYSTEM</b> <b>5 YEAR CAPITAL OUTLAY PLAN</b> <b>FY2021-2022 - FY2025-2026</b>												
												Updated September 3, 2020
Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
LSU A&M	Student Health Center Renovation and Addition	2014	SG-1	S.G./R.B.	\$4,000,000	\$23,890,000					\$23,890,000	\$27,890,000
LSU A&M	Renovate Old Engineering Shops for Art Department, Planning and Construction	2003	C-1	S.G./G.O.	\$8,792,400	\$11,707,600					\$11,707,600	\$20,500,000
LSU A&M	Science - Strategic Capital Plan Repairs and Upgrades - Food Science Renovation, New Science Building, Infrastructure and Utilities, Planning and Construction	2018	C-2	S.G./G.O.	\$33,000,000	\$18,000,000	\$25,000,000	\$25,000,000	\$0	\$0	\$68,000,000	\$101,000,000
LSU A&M	H.P. Long Field House Renovation, Planning and Construction	2015	C-3	S.G./G.O.	\$7,300,000	\$15,000,000	\$6,700,000				\$21,700,000	\$29,000,000
LSU A&M	Historic Core – Strategic Capital Plan Repairs and Upgrades	2019	C-4	S.G./G.O.	\$2,000,000	\$2,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$42,000,000	\$44,000,000
LSU A&M	Roadway Improvements at Innovation Park, Planning and Construction	2019	C-5	S.G./IAT	\$1,800,000	\$0					\$0	\$1,800,000
LSU A&M	LSU Memorial Tower Renovations	2017	C-6	S.G./G.O.	\$9,500,000	\$0					\$0	\$9,500,000
LSU A&M	ROTC Flight Simulator	2019	C-7	G.O.	\$75,000	\$0					\$0	\$75,000
LSU A&M	Veterinary Medicine Accreditation Repairs	2019	C-8	G.O.	\$5,000,000	\$0					\$0	\$5,000,000
LSU A&M	Stephenson Veterinary Hospital, Planning and Construction	2017	C-9	S.G./G.O.	\$13,000,000	\$0					\$0	\$13,000,000
LSU A&M	Nicholson Gateway Infrastructure Improvements	2013	C-10	G.O.	\$3,042,000	\$0					\$0	\$3,042,000
LSU A&M	Strategic Capital Plan – Deferred Maintenance for Infrastructure and Streets	2018	N-1	G.O.	\$0	\$4,000,000	\$18,000,000	\$18,000,000			\$40,000,000	\$40,000,000
LSU A&M	Library – Strategic Capital Plan Repairs and Upgrades	2019	N-2	G.O.	\$0	\$4,600,000	\$15,000,000	\$70,000,000	\$70,000,000	\$40,400,000	\$200,000,000	\$200,000,000
LSU A&M	Veterinary Medicine Facilities Repairs	2019	N-3	S.G./G.O.	\$0	\$15,000,000	\$15,000,000				\$30,000,000	\$30,000,000
LSU A&M	Science - Williams, CMB, Choppin Renovations	2020	N-4	S.G./G.O.	\$0		\$7,000,000	\$30,600,000	\$30,600,000		\$68,200,000	\$68,200,000
	<b>Total</b>				<b>\$87,509,400</b>	<b>\$94,197,600</b>	<b>\$96,700,000</b>	<b>\$153,600,000</b>	<b>\$110,600,000</b>	<b>\$50,400,000</b>	<b>\$505,497,600</b>	<b>\$593,007,000</b>
Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
AgCenter	Renewable and Natural Resources Building Repairs	2019	E-1	G.O.	\$4,000,000	\$3,229,880					\$3,229,880	\$7,229,880
AgCenter	Animal and Food Science Facilities Renovations and Modernizations	1983	C-1	G.O.	\$30,038,300	\$10,000,000	\$7,345,365	\$9,698,994	\$5,644,390		\$32,688,749	\$62,727,049
AgCenter	Livestock Education Facility	2012	C-2	G.O.	\$282,600	\$2,400,000	\$2,717,400				\$5,117,400	\$5,400,000
AgCenter	Martin D. Woodin Hall Renovations and Modernizations		N-1	G.O.			\$4,952,000	\$7,648,000			\$12,600,000	\$12,600,000
AgCenter	Dairy Science Processing Facility		N-2	G.O.				\$2,554,000	\$2,546,000		\$5,100,000	\$5,100,000
AgCenter	Greenhouse Facilities Relocation and Departmental Renovations		N-3	G.O.				\$1,235,000	\$13,585,000	\$780,000	\$15,600,000	\$15,600,000
AgCenter	Emerging Technology Center - Parker Coliseum		N-4	G.O.					\$5,000,000	\$60,000,000	\$65,000,000	\$65,000,000
AgCenter	Biological & Agricultural Engineering Bldg.		N-5	G.O.					\$1,248,000	\$14,092,000	\$15,340,000	\$15,340,000
	<b>Totals</b>				<b>\$34,320,900</b>	<b>\$15,629,880</b>	<b>\$15,014,765</b>	<b>\$21,135,994</b>	<b>\$28,023,390</b>	<b>\$74,872,000</b>	<b>\$154,676,029</b>	<b>\$188,996,929</b>

Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
HCS D	Lallie Kemp Medical Center HVAC Replacement	2019	N-1	G.O.	\$0	\$276,000					\$276,000	\$276,000
HCS D	Lallie Kemp Medical Center Emergency Generator Replacement	2019	N-2	G.O.	\$0	\$852,000					\$852,000	\$852,000
HCS D	Administrative and Business Office Roof Replacement	2014	N-3	G.O.	\$0	\$1,800,000					\$1,800,000	\$1,800,000
HCS D	Roof Replacement for 5 buildings	2020	N-4	G.O.	\$0		\$94,800				\$94,800	\$94,800
HCS D	Parking Lot Resurfacing Lallie Kemp Medical Center	2020	N-5	G.O.	\$0		\$100,800				\$100,800	\$100,800
HCS D	Front Entrance Remodel	2020	N-6	G.O.	\$0		\$695,750				\$695,750	\$695,750
HCS D	Hospital Drainage and Sewer	2020	E-7	G.O.	\$0		\$906,550				\$906,550	\$906,550
	<b>Totals</b>				<b>\$0</b>	<b>\$2,928,000</b>	<b>\$1,797,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,725,900</b>	<b>\$4,725,900</b>

Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
HSC-NO	Medical Education Building Laboratory Renovation Phase 2	2012	E-1	S.G	\$0	\$10,000,000					\$10,000,000	\$35,000,000
HSC-NO	Medical Education Building Laboratory Renovation Phase 1	2012	SG-1	S.G	\$0	\$10,000,000					\$10,000,000	\$10,000,000
HSC-NO	Campus Stormwater Infrastructure Upgrades	2020	SG-2	S.G	\$0	\$1,900,000					\$1,900,000	\$1,900,000
HSC-NO	Interim Hospital Repurposing	2015	C-1	G.O.	\$59,000,000	\$12,950,000					\$12,950,000	\$71,950,000
HSC-NO	Health Science Center Facility Renovation	2005	C-2	G.O.	\$31,184,000	\$0					\$0	\$31,184,000
HSC-NO	Human Development Center	1994	C-3	G.O.	\$25,542,900	\$0					\$0	\$25,542,900
HSC-NO	Dental School Mechanical, Electrical Systems Modernization and ADA Improvement	2008	N-1	G.O.	\$0	\$1,500,000	\$5,500,000	\$5,000,000			\$12,000,000	\$12,000,000
HSC-NO	COVID BSL-3 Multi-Species Laboratory Construction	2020	N-2	G.O.	\$0	\$6,000,000	\$2,000,000				\$8,000,000	\$8,000,000
HSC-NO	Lions Eye Reroofing	2017	N-3	G.O.	\$0		\$1,500,000				\$1,500,000	\$1,500,000
HSC-NO	AH&SON Waterproofing	2019	N-4	G.O.	\$0			\$1,000,000			\$1,000,000	\$1,000,000
HSC-NO	Elevated Walkway Structural, ADA, and Lighting Improvements	2016	N-5	G.O.	\$0				\$4,150,000		\$4,150,000	\$4,150,000
HSC-NO	CSRB Waterproofing	2019	N-6	G.O.	\$0					\$1,000,000	\$1,000,000	\$1,000,000
	<b>Total</b>				<b>\$115,726,900</b>	<b>\$42,350,000</b>	<b>\$9,000,000</b>	<b>\$6,000,000</b>	<b>\$4,150,000</b>	<b>\$1,000,000</b>	<b>\$62,500,000</b>	<b>\$178,226,900</b>

Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
HSCS	Medical School B-Building HVAC Replacement	2013	E-1	G.O.	\$500,000	\$4,600,000	\$0	\$0	\$0	\$0	\$4,600,000	\$5,100,000
HSCS	Medical School 10th Floor B-Building HVAC Replacement	2014	E-2	G.O.	\$0	\$5,100,000	\$0	\$0	\$0	\$0	\$5,100,000	\$5,100,000
HSCS	Center for Medical Education & Wellness	2018	C-1	G.O./S.G.	\$33,500,000	\$9,500,000	\$9,500,000	\$7,500,000	\$0	\$0	\$26,500,000	\$60,000,000
HSCS	Capital Improvement Projects, Design and Engineering	2014	C-2	G.O.	\$6,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000,000
HSCS	Gross Anatomy Lab Expansion & Modernization	2019	N-1	G.O.	\$0	\$2,500,008	\$0	\$0	\$0	\$0	\$2,500,008	\$2,500,008
HSCS	Campus-Wide Pavement Replacement	2018	N-2	G.O.	\$0	\$0	\$2,398,460	\$0	\$0	\$0	\$2,398,460	\$2,398,460
HSCS	Parking Garage	2019	N-3	G.O./S.G.	\$0	\$0	\$16,800,000	\$0	\$0	\$0	\$16,800,000	\$16,800,000
HSCS	Student Technology & Learning Center	2019	N-4	G.O.	\$0	\$0	\$1,600,000	\$0	\$0	\$0	\$1,600,000	\$1,600,000
HSCS	Campus Wayfinding	2019	N-5	G.O.	\$0	\$0	\$0	\$250,000	\$750,000	\$0	\$1,000,000	\$1,000,000
	<b>Totals</b>				<b>\$39,500,000</b>	<b>\$21,700,008</b>	<b>\$30,298,460</b>	<b>\$7,750,000</b>	<b>\$750,000</b>	<b>\$0</b>	<b>\$60,498,468</b>	<b>\$99,998,468</b>

Campus	Project Title	Requested	Priority	Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
LSUA	Infrastructure Improvements	2013	E-1	G.O.	\$4,120,000	\$2,000,000					\$2,000,000	\$6,120,000
LSUA	Drainage Outfall	2012	E-2	G.O.	\$897,865	\$0					\$0	\$897,865
LSUA	Remote Boilers Installation	2020	N-1	G.O.		\$813,600					\$813,600	\$813,600
LSUA	Campus Wide Direct Digital Control System	2020	N-2	G.O.		\$996,000					\$996,000	\$996,000
LSUA	Bolton Library & Coughlin Hall HVAC Replacement Project	2020	N-3	G.O.		\$700,000					\$700,000	\$700,000
LSUA	Water System Booster Pump Replacement	2020	N-4	G.O.			\$80,700				\$80,700	\$80,700
LSUA	Bolton Library Flooring Replacement	2013	N-5	G.O.			\$1,212,750				\$1,212,750	\$1,212,750
LSUA	Business and Education Building	2013	N-6	G.O.			\$14,210,000				\$14,210,000	\$14,210,000
	<b>Totals</b>				<b>\$5,017,865</b>	<b>\$4,509,600</b>	<b>\$15,503,450</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,013,050</b>	<b>\$25,030,915</b>

Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
LSUE	Manuel Hall Exterior Wall and Roof Repair	2019	N-1	G.O.		\$1,500,000	\$1,260,000				\$2,760,000	\$2,760,000
LSUE	Energy Management System Replacement	2020	N-2	G.O.		\$1,250,000					\$1,250,000	\$1,250,000
LSUE	STEAM Innovation Center Renovation	2002	N-3	G.O.		\$1,066,169	\$8,650,373	\$3,498,458			\$13,215,000	\$13,215,000
LSUE	Integrated Learning Center Renovation	2005	N-4	G.O.		\$1,000,000	\$6,750,000				\$7,750,000	\$7,750,000
	<b>Totals</b>				<b>\$0</b>	<b>\$4,816,169</b>	<b>\$16,660,373</b>	<b>\$3,498,458</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,975,000</b>	<b>\$24,975,000</b>

Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
LSUS	Electrical Switch Gear and infrastructure Replacement	2020	E-1	G.O.		\$900,000	\$900,000	\$900,000			\$2,700,000	\$2,700,000
LSUS	Business Continuity/Disaster Recovery Equipment	2005	E-2	G.O.		\$1,346,160					\$1,346,160	\$1,346,160
LSUS	Student Success Health & Wellness Center	2018	SG-1	R.B		\$16,000,000					\$16,000,000	\$16,000,000
LSUS	Building Exterior Walls and Bridge Replacement	2018	N-1	G.O.		\$3,000,000					\$3,000,000	\$3,000,000
LSUS	Technology Center AHU and Boiler Replacement	2020	N-2	G.O.		\$900,000					\$900,000	\$900,000
LSUS	HPE Renovation and Safety Compliance	2008	N-3	G.O.		\$1,152,900	\$1,000,000	\$4,000,000	\$4,000,000	\$1,376,100	\$11,529,000	\$11,529,000
LSUS	Campus Wide Safety/Security Improvements	2017	N-4	G.O.			\$850,000				\$850,000	\$850,000
LSUS	Campus Elevator Modernization	2020	N-5	G.O.			\$810,000				\$810,000	\$810,000
LSUS	Campus Wide HVAC and Humidity Control Modernization	2020	N-6	G.O.			\$800,000	\$350,500	\$350,500	\$350,000	\$1,851,000	\$1,851,000
LSUS	Boiler Installation Renovation (B&E, BH, HP&E, TC, UC)	2015	N-7	G.O.			\$1,000,000	\$1,000,000	\$410,000		\$2,410,000	\$2,410,000
LSUS	Bronson Hall Roof Replacement	2020	N-8	G.O.				\$850,000			\$850,000	\$850,000
LSUS	Administration Building Roof Replacement	2020	N-9	G.O.				\$1,000,000			\$1,000,000	\$1,000,000
LSUS	Business Education Roof Replacement	2020	N-10	G.O.				\$850,000			\$850,000	\$850,000
LSUS	Science Building Roof Replacement	2018	N-11	G.O.				\$85,000	\$765,000		\$850,000	\$850,000
LSUS	Technology Center Roof Replacement	2017	N-12	G.O.				\$630,000			\$630,000	\$630,000
LSUS	ADA Accessibility Compliance Upgrades	2017	N-13	G.O.				\$760,000			\$760,000	\$760,000
LSUS	Science Building Renovation & Lab Modernization	2002	N-14	G.O.					\$1,252,000	\$11,268,000	\$12,520,000	\$12,520,000
LSUS	Business and Education Building Renovation	2002	N-15	G.O.					\$1,000,000	\$8,390,000	\$9,390,000	\$9,390,000
LSUS	Bronson Hall Building Renovation	2003	N-16	G.O.						\$18,316,629	\$18,316,629	\$18,316,629
LSUS	Campus Ring Road Concrete Repair & Sealing	2020	N-17	G.O.						\$256,101	\$256,101	\$256,101
LSUS	Campus Wide Energy Conservation Initiatives	2018	N-18	G.O.						\$3,094,400	\$3,094,400	\$3,094,400
LSUS	Women's Softball Field	2020	N-19	G.O.						\$1,000,000	\$1,000,000	\$1,000,000
	<b>Totals</b>				<b>\$0</b>	<b>\$23,299,060</b>	<b>\$5,360,000</b>	<b>\$10,425,500</b>	<b>\$7,777,500</b>	<b>\$44,051,230</b>	<b>\$90,913,290</b>	<b>\$90,913,290</b>

Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
PBRC	Pennington Biomedical Clinical Research Building Imaging Center and High Tech Research Instrumentation Equipment	2008	C-1	G.O.	\$49,953,018	\$46,982					\$46,982	\$50,000,000
PBRC	Site Security Access System Upgrade	2018	C-2	G.O.	\$180,000	\$420,000					\$420,000	\$600,000
PBRC	Site Safety and Building Equipment Replacements	2020	0	G.O.		\$1,776,000					\$1,776,000	\$1,776,000
<b>Totals</b>					<b>\$50,133,018</b>	<b>\$2,242,982</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,242,982</b>	<b>\$52,376,000</b>

Campus	Project Title	1st Yr Requested	Inst. Priority	Funding Source**	Previous Funding	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Year Request	Total Cost
LSU BoS	Life Safety and ADA Compliance All Campuses	2020	E-1	G.O.	\$0	\$2,000,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$20,000,000	\$20,000,000
<b>Total</b>					<b>\$0</b>	<b>\$2,000,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>

**\$332,208,083    \$213,673,299    \$194,834,948    \$206,909,952    \$155,800,890    \$174,823,230    \$946,042,319    \$1,278,250,402**

**LEGEND:**

E - Emergency Project                      G.O. - General Obligation funding (State Capital Outlay Funds) - consists of G.O. Bond sale proceeds, Line of Credit and/or State General Fund (Direct).  
 S.G. - Self-generated Project                      S.G. - Self-generated Funds (LSU funded, may be private)  
 C - Continuing Project (state funded project that already received some funding)    R.B. - LSU sells Revenue Bonds (type of self-generated Funds)  
 N - New Project (state funded project that never received any funding)            I.A.T. - Interagency Transfer (another state agency transferring funds to us)

**LSU BOARD OF SUPERVISORS  
FY 2021-2022 Capital Outlay  
Recommendations In Priority Order**

Prepared September 4, 2020

2021-22 System Priority	Campus	Emergency Projects	2021-22 System Priority	Total Project Cost
E-1	LSUA	Infrastructure Improvements	\$2,000,000	\$6,120,000
E-2	HSCNO	Medical Education Building Laboratory Renovation Phase 2	\$10,000,000	\$35,000,000
E-3	*LSUS	Electrical Switchgear and Infrastructure Replacement	\$900,000	\$2,700,000
E-4	LSUS	Business Continuity/Disaster Recovery Equipment	\$1,346,160	\$1,346,160
E-5	AgCenter	Renewable and Natural Resources Building Repairs	\$3,229,880	\$7,229,880
E-6	*LSU BoS	Life Safety and ADA Compliance All Campuses	\$2,000,000	\$20,000,000
E-7	HSCS	Medical School B-Building HVAC Replacement	\$4,600,000	\$5,100,000
E-8	HSCS	Medical School 10th Floor B-Building HVAC Replacement	\$5,100,000	\$5,100,000
E-9	LSUA	Drainage Outfall	\$0	\$897,865
		<b>TOTAL EMERGENCY PROJECTS</b>	<b>\$29,176,040</b>	<b>\$83,493,905</b>
<b>* New First Year Request</b>				
2021-22 System Priority	Campus	Self-Generated/Revenue Bond Projects	2021-22 System Priority	Total Project Cost
SG-1	HSCNO	Medical Education Building Laboratory Renovation Phase 1 (SG)	\$10,000,000	\$10,000,000
SG-2	*HSCNO	Campus Stormwater Infrastructure Upgrades (SG)	\$1,900,000	\$1,900,000
SG-3	LSU	Student Health Center Renovation and Addition (SG/RB)	\$23,890,000	\$27,890,000
SG-4	LSUS	Student Success Health & Wellness Center (RB)	\$16,000,000	\$16,000,000
		<b>TOTAL SELF-GENERATED PROJECTS</b>	<b>\$51,790,000</b>	<b>\$55,790,000</b>
<b>* New First Year Request</b>				

2021-22 System Priority	Campus	Continuing Projects	2021-22 System Priority	Total Project Cost
C-1	LSU	Renovate Old Engineering Shops for Art Department, Planning and Construction <b>(SG/GOB)</b>	\$11,707,600	\$20,500,000
C-2	HSCNO	Interim Hospital Repurposing	\$12,950,000	\$71,950,000
C-3	AgCenter	Animal and Food Science Facilities Renovations and Modernizations	\$10,000,000	\$62,727,049
C-4	LSU	Science - Strategic Capital Plan Repairs and Upgrades - Food Science Renovation, New Science Building, Infrastructure and Utilities, Planning and Construction <b>(SG/GOB)</b>	\$18,000,000	\$101,000,000
C-5	HSCS	Center for Medical Education & Wellness <b>(SG/GOB)</b>	\$9,500,000	\$60,000,000
C-6	LSU	H.P. Long Field House Renovation <b>(SG/GOB)</b>	\$15,000,000	\$29,000,000
C-7	AgCenter	Livestock Education Facility	\$2,400,000	\$5,400,000
C-8	LSU	Historic Core - Strategic Capital Plan Repairs and Upgrades <b>(SG/GOB)</b>	\$2,000,000	\$44,000,000
C-9	PBRC	Site Security Access System Upgrade	\$420,000	\$600,000
C-10	PBRC	Pennington Biomedical Clinical Research Building Imaging Center and High Tech Research Instrumentation Equipment	\$46,982	\$50,000,000
C-11	LSU	LSU Memorial Tower Renovations <b>(SG/GOB)</b>	\$0	\$9,500,000
C-12	LSU	Veterinary Medicine Accreditation Repairs	\$0	\$5,000,000
C-13	LSU	Nicholson Gateway Infrastructure Improvements Project	\$0	\$3,042,000
C-14	HSCNO	Human Development Center	\$0	\$25,542,900
C-15	LSU	Stephenson Veterinary Hospital, Planning and Construction <b>(SG/GOB)</b>	\$0	\$13,000,000
C-16	LSU	Roadway Improvements at Innovation Park, Planning and Construction <b>(SG/IAT)</b>	\$0	\$1,800,000
C-17	HSCNO	Health Science Center Facility Renovation	\$0	\$31,184,000
C-18	HSCS	Capital Improvement Projects, Design and Engineering	\$0	\$6,000,000
C-19	LSU	ROTC Flight Simulator	\$0	\$75,000
		<b>TOTAL CONTINUING PROJECTS</b>	<b>\$82,024,582</b>	<b>\$540,320,949</b>
<b>* New First Year Request</b>				

2021-22 System Priority	Campus	New Projects	2021-22 System Priority	Total Project Cost
N-1	HSCNO	Dental School Mechanical, Electrical Systems Modernization and ADA Improvement	\$1,500,000	\$12,000,000
N-2	LSU	Strategic Capital Plan – Deferred Maintenance for Infrastructure and Streets	\$4,000,000	\$40,000,000
N-3	LSUS	Building Exterior Walls and Bridge Replacement	\$3,000,000	\$3,000,000
N-4	LSUE	Manuel Hall Exterior Wall and Roof Repair	\$1,500,000	\$2,760,000
N-5	*HSCNO	Covid BSL-3 Multi-Species Laboratory Construction	\$6,000,000	\$8,000,000
N-6	HSCS	Gross Anatomy Lab Expansion & Modernization	\$2,500,008	\$2,500,008
N-7	LSU	Library-Strategic Capital Plan Repairs and Upgrades	\$4,600,000	\$200,000,000
N-8	LSU	Veterinary Medicine Facilities Repairs (SG/GOB)	\$15,000,000	\$30,000,000
N-9	PBRC	Site Safety and Building Equipment Replacement	\$1,776,000	\$1,776,000
N-10	*LSUE	Energy Management System Replacement	\$1,250,000	\$1,250,000
N-11	LSUE	STEAM Innovation Center Renovation	\$1,066,169	\$13,215,000
N-12	*LSUE	Integrated Learning Center Renovation	\$1,000,000	\$7,750,000
N-13	*LSUA	Remote Boilers Installation	\$813,600	\$813,600
N-14	LSUS	HPE Renovation and Safety Compliance	\$1,152,900	\$11,529,000
N-15	*LSUA	Campus Wide Direct Digital Control System	\$996,000	\$996,000
N-16	HCSD	Lallie Kemp Medical Center HVAC Replacement,	\$276,000	\$276,000
N-17	LSUA	Bolton Library & Coughlin Hall HVAC Replacement Project	\$700,000	\$700,000
N-18	*HCSD	Lallie Kemp Medical Center Emergency Generator Replacement	\$852,000	\$852,000
N-19	HCSD	Administrative and Business Office Roof Replacement	\$1,800,000	\$1,800,000
N-20	LSUS	Technology Center AHU and Boiler Replacement	\$900,000	\$900,000
		<b>TOTAL NEW PROJECTS</b>	<b>\$50,682,677</b>	<b>\$340,117,608</b>
		<b>TOTAL ALL CAMPUSES</b>	<b>\$213,673,299</b>	<b>\$1,019,722,462</b>
<b>* New First Year Request</b>				



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## Board of Supervisors

### **Request from from LSU Health Care Services Division to Approve a Request to Sell the Former Earl K. Long Hospital Property**

**Date:** September 11, 2020

#### **1. Bylaw Citation**

Pursuant to Article VII, Section 1

- B. The transfer of title or ownership to any immovable property to or from the Board, whether by sale, assignment, donation, or other mechanism.

#### **2. Summary of Matter**

The LSU Health Care Services Division (HCSD) requests approval by the Board of Supervisors to sell property located at 5825 Airline Highway, Baton Rouge, Louisiana 70805.

The property is the site of the former LSU Earl K. Long Medical Center. As a result of the public/private partnership entered into between LSU and Our Lady of the Lake in April of 2013, the hospital building and other adjacent structures were vacated and later demolished leaving mostly vacant land at this 14 acre site. HCSD has no further use for the site, and there are unfunded maintenance costs associated related to this site making it difficult to maintain the site.

HCSD is seeking Board approval to request the Division of Administration, to handle the process of selling the property to include securing an appraisal and site survey of the boundary, advertising and gathering bids and contracts, as well as any and all additional issues associated with the property.

#### **3. Review of Business Plan**

HCSD is proposing that proceeds from the sale of the property be returned to HCSD to be used to address deferred maintenance issues on its remaining property.

#### **4. Fiscal Impact**

The property would be sold for an amount approved by the Division of Administration and LSU in accordance with state law.

The former Kmart facility was renovated to accommodate the Administrative and Business Office of the Health Care Services Division in 2012 at a cost of \$2.1M. The renovation was an interior renovation that did not include the replacement of the roof. Roof leaks have developed since HCSD has occupied the building putting the interior office space, equipment, medical records as well as business records in jeopardy. A capital outlay request was submitted to replace the roof in 2014, but to date has not been funded. Upon approval by the Board of Supervisors, HCSD intends to submit a request to the Commissioner of Administration to retain the proceeds from the sale of the property to fund the cost of replacing the roof.



## **5. Description of Competitive Process**

HCSD is requesting approval for the Division of Administration to handle all processes associated with the sale of the property.

## **6. Review of Legal Documents**

To be submitted for review when property is sold.

## **7. Parties of Interest**

Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the LSU Health Care Services Division and the Division of Administration.

## **8. Related Transactions**

HCSD would request the Division of Administration to handle the process of selling the property to include securing an appraisal and site survey of the boundary, advertising and gathering bids and contracts, as well as any and all additional issues associated with the property.

Upon approval by the Board and the Commissioner of Administration, HCSD would use the funds from the sale of the property to offset the cost of replacing the roof on the Administrative and Business Office of HCSD.

## **9. Conflicts of Interest**

None.

## **10. Attachments**

- I. Letter from Chancellor Larry Hollier
- II. Asset Management Report

## **RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College hereby authorizes Thomas C. Galligan, Jr., Interim President of Louisiana State University, or his designee to:

1. Request the Division of Administration to approve the sale of the LSU Health Care Services Division property located at 5825 Airline Highway, Baton Rouge, and to handle the process of selling the property in accordance with all applicable laws; and
2. Request the Division of Administration to deliver the net sales proceeds to the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College

for the benefit of the LSU Health Care Services Division be used for deferred maintenance issues.

**BE IT FURTHER RESOLVED** that Interim President Galligan be authorized to sell the former Earl K. Long site thereof, and that Interim President Galligan be authorized to execute an act of cash sale and any and all other documents necessary to accomplish the transaction and to include in such act of cash sale or other documents any terms and conditions as he deems to be in the best interest of LSU.



OFFICE OF THE CHANCELLOR

SCHOOL OF ALLIED HEALTH PROFESSIONS  
SCHOOL OF DENTISTRY  
SCHOOL OF GRADUATE STUDIES  
SCHOOL OF NURSING  
SCHOOL OF MEDICINE IN NEW ORLEANS  
SCHOOL OF PUBLIC HEALTH

July 10, 2020

Thomas C. Galligan, Jr  
LSU Interim President  
3810 West Lakeshore Drive  
Baton Rouge, Louisiana 70808RE: **Significant Board Matter J**

Request for Approval to sell property located at 5825 Airline Hwy, Baton Rouge, LA 70805

Dear President Galligan: :

The LSU Health Sciences Center New Orleans, Health Care Services Division is requesting approval from the Board of Supervisors to sell the property of the former LSU Earl K. Long Medical Center located at 5825 Airline Hwy, Baton Rouge, LA 70805.

As a result of the public/private partnership between the LSU Board of Supervisors, LSU Health Care Services Division (HCSD) and Our Lady of the Lake Medical Center (OLOL), the property at 5825 Airline Hwy, Baton Rouge, LA was vacated in April, 2013. Since that time most of the structures on the property, including the hospital have been demolished. HSCNO, HCSD is seeking Board approval to request the Division of Administration, to handle the process of selling the property to include securing an appraisal and site survey of the boundary, advertising and gathering bids and contracts, as well as any and all additional issues associated with the property. HSCNO, HCSD has no further use for the property and is unable to continue maintenance associated with the property.

I certify that to the best of my knowledge, we have provided all necessary documentation and that the information contained herein is complete, accurate and in compliance with Article VII, Section 8 of the Bylaws of the Board of Supervisors. We agree to cooperate in any issues related to this matter. Please let me know if any additional information is needed.

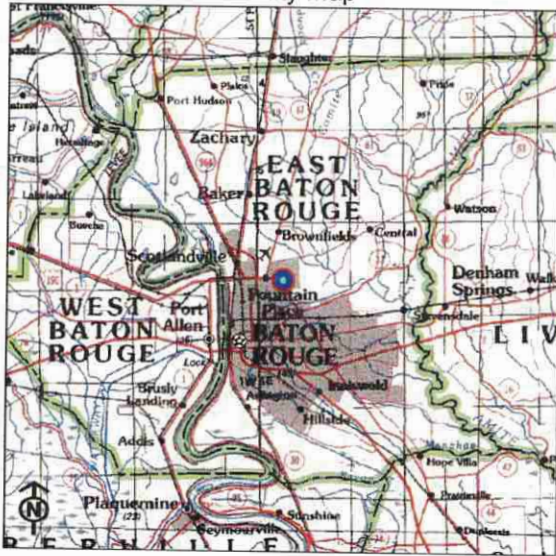
Sincerely,

*L. H. Hollier, M.D.*Larry H. Hollier, MD, FACS, FACC, FRCS  
Chancellor, LSU Health Sciences Center New OrleansCc: Lanette Buie  
Danny Mahaffey

0010/217006

**EARL K LONG MEMORIAL HOSPITAL**

Vicinity Map



Site Map



**Status:** ACTIVE  
**Department Name:** 19D DEPARTMENT OF EDUCATION  
**Agency Name:** 610 LA HEALTH CARE SERVICES DIV  
**Group:** MEDICAL CENTER / HOSPITALS  
**Function:** HOSPITAL  
**Facility:** EARL K LONG MEMORIAL HOSPITAL  
**Address1:** 5825 AIRLINE HIGHWAY  
**Address2:**  
**City/State/Zip:** BATON ROUGE, LA 70816  
**Contact:** Kathy Viator  
**E-Mail:** kviato@lsuhsc.edu

**Phone:** 225-358-1002

<b>Land Acquisition:</b> \$263,995.00	<b>Minerals:</b> UNKNOWN	<b>Ownership:</b> OWNED
<b>Convey Docs:</b> 7	<b>First Date:</b> 02/22/1963	
<b>Acreage - Total:</b> 14.27	<b>Owned:</b> 14.27	<b>Leased:</b> 0.00
<b>Active Buildings:</b> 1	<b>Area (Sq Ft):</b> 8,450	<b>ROW:</b> 0.00
<b>Legal Description:</b>		<b>Replacement Cost:</b> \$0
PORTIONS OF LOTS 7, 8, 9, & 10 IN KEENER TRACT, SEC 41, T6S-R1E.		
<b>Additional Notes:</b>		

<b>Approx Land Value:</b>	\$2,639,950.00	<b>Approx Timber Value:</b>	\$0.00
<b>Approx Total Value:</b>	\$2,639,950.00		
<b>Annual Oper/Maint Expense:</b>	\$1,236,072.00	<b>Est Maint Backlog:</b>	\$18,000,000.00
<b>Current State of Utilization:</b>	Full		
<b>Recommendations for Future Utilization:</b>			
NA			

# Site 2-17-006

## Earl K. Long Memorial Hospital

East Baton Rouge, Parish, Louisiana

### Statewide Land and Buildings

#### System Classification

- Full Interest
- Part Interest
- Vacant Land
- Restricted Access
- State Agency Land
- School Indemnity Land
- Lake Bed

### State Claimed Water Bodies

- State Claimed
- Claimed by the State and Adjoining Land Owner (Enter at Your Own Risk)
- Judgement, Agreement or Compromise
- Against State Ownership
- Publicly Accessible

### Site Boundaries

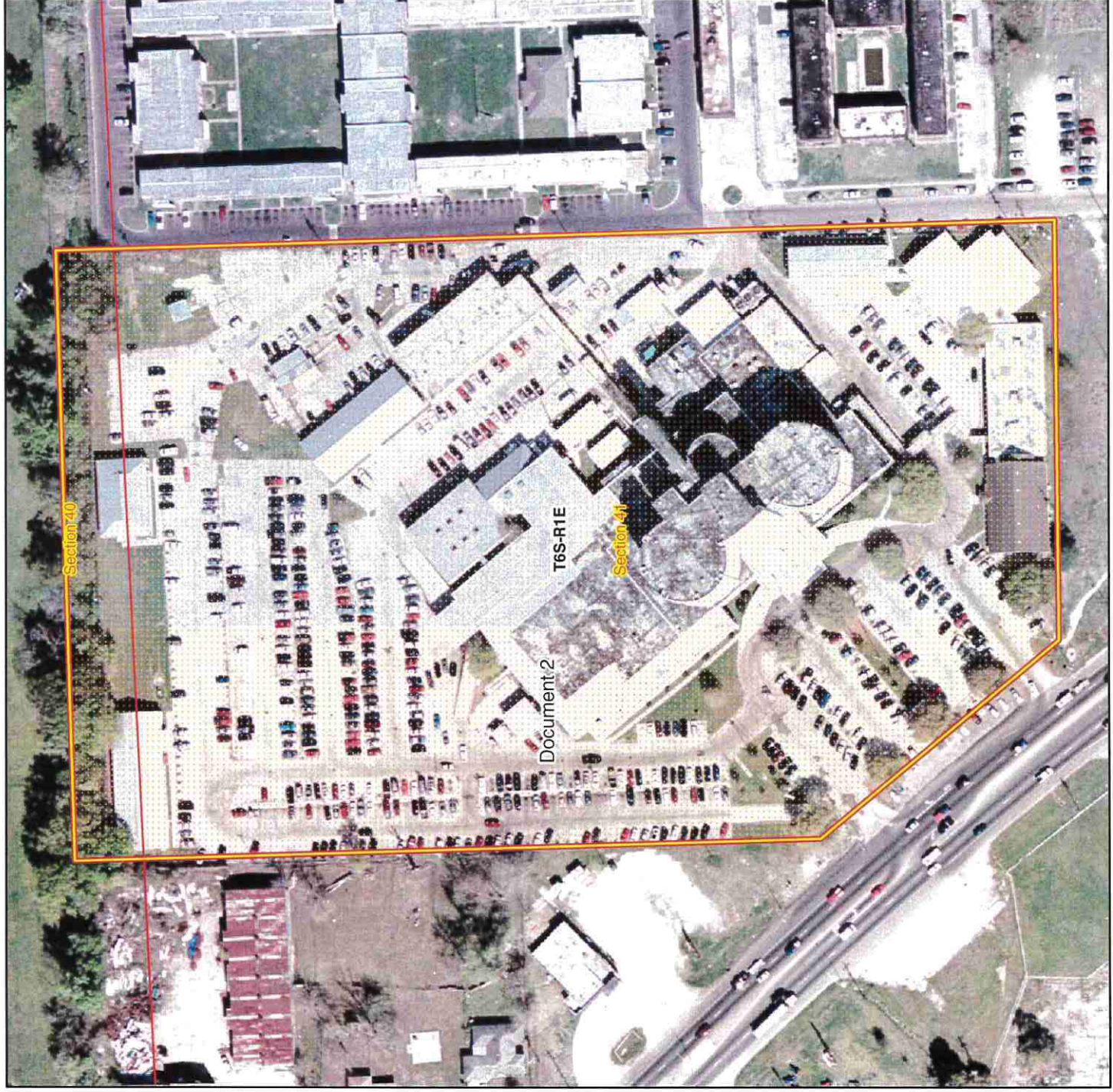
- Boundary (Document)
- Boundary (Site)
- Section (Tobin)
- Township (Tobin)



Universal Transverse Mercator  
North American Datum 1983  
Louisiana North  
Image: 2002 1500-meter Orthoimage



Map Date: July 28, 2009





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## Board of Supervisors

### **Request from LSU Health Sciences Center - New Orleans to Approve an Intent to Lease Agreement between the LSU Health Foundation and the LSU Board of Supervisors for the Lease of the Clinical Education, Dibert, and L&M Buildings**

**Date:** September 11, 2020

#### **1. Bylaw Citation**

Pursuant to Article VII, Section 1

C. Lease of Immovable Property

#### **2. Summary of Matter**

The LSU Health Sciences Center – New Orleans (LSUHSC-NO) proposes to enter into an Intent to Lease Agreement with the LSU Health Foundation, New Orleans (Foundation) for the Clinical Education, Dibert, and L&M buildings and land (Properties). The purpose of the Intent to Lease Agreement is to provide an outline of the process and guidelines that the Foundation intends to observe in connection with the competitive selection of vendors and the negotiation of proposed agreements with one or more sublessee(s) for the redevelopment of the Properties and returning them to commerce for LSUHSC-NO students, residents, faculty, staff, visitors and the general public and for such other uses as are consistent to support either residential or mixed uses, related services and other missions and functions of LSUHSC-NO. Once completed, the final Lease Agreement between the Foundation and the LSU Board of Supervisors (LSU Board) will be submitted to the Foundation's Board of Directors and, following approval by the Foundation's Board of Directors, to the LSU Board (and any other agencies required by law) for review and approval. Any subsequent amendments to the Lease Agreement shall follow the same review and approval process.

#### **3. Review of Business Plan**

Not applicable until such a time as Foundation proposes a project presented by a vendor.

#### **4. Fiscal Impact**

Not applicable.

#### **5. Description of Competitive Process**

Not applicable until such time as the Foundation solicits proposals from qualified vendors to develop the Properties.

#### **6. Review of Legal Documents**

The final Intent to Lease Agreement will be reviewed by the LSU Office of General Counsel prior to signature by Interim President Galligan or his designee.

## **7. Parties of Interest**

All parties relevant to the approval of this agreement do not have any related interest in the agreement nor will they receive financial gain from this approval.

## **8. Related Transactions**

Not applicable.

## **9. Conflicts of Interest**

None.

## **10. Attachments**

- I. Intent to Lease Agreement, with property descriptions, and campus map with property location (Exhibit "A")
- II. Letter from Chancellor Larry Hollier, MD

## **RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize the President of Louisiana State University, or his or her designee, to approve the proposed Intent to Lease Agreement (Agreement) with the LSU Health Foundation, New Orleans (Foundation) for the Clinical Education, Dibert, Butterworth, Hutchinson and L&M buildings and land.

**BE IT FURTHER RESOLVED** that the President of Louisiana State University, or his or her designee, is hereby authorized by and empowered for and on behalf of and in the name of the Board of Supervisors, in consultation with General Counsel, to include in the Agreement any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors.

**INTENT TO LEASE AGREEMENT FOR THE LSU HEALTH SCIENCES  
CENTER – NEW ORLEANS, DIBERT, L&M, AND LSU MEDICAL SCHOOL  
BUILDINGS**

**Between**

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE**

**and**

**LSU HEALTH FOUNDATION, NEW ORLEANS**

**THIS INTENT TO LEASE AGREEMENT FOR THE LSU HEALTH SCIENCES  
CENTER-NEW ORLEANS, DIBERT, L&M AND LSU MEDICAL SCHOOL BUILDINGS,  
AND LAND** (herein "Agreement") is entered into effective as of the \_\_\_\_ day of \_\_\_\_\_, 2020  
(the "Effective Date"), by and between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND  
AGRICULTURAL AND MECHANICAL COLLEGE**, a public constitutional  
corporation organized and existing under the Constitution and laws of the State of  
Louisiana, domiciled in the Parish of East Baton Rouge, said State, appearing herein  
through Daniel T. Layzell, Vice President for Finance and Administration and Chief  
Financial Officer of Louisiana State University, duly authorized and empowered by said  
Board of Supervisors (hereinafter referred to as the "LSU Board"),

and

**LSU HEALTH FOUNDATION, NEW ORLEANS**, a private nonprofit Louisiana  
corporation having a principal place of business located at 2000 Tulane Avenue, New  
Orleans, Louisiana, 70112, and represented by Matt Altier, its duly authorized and  
empowered President and Chief Executive Officer (hereinafter referred to as  
"Foundation"), provides as follows:

**WHEREAS**, the LSU Board is a public constitutional corporation organized and existing under  
the laws of the State of Louisiana, and Louisiana State University Health Sciences Center at New Orleans  
(the "University") is an institution under the LSU Board's supervision and management pursuant to La.  
R.S. 17:3215;

**WHEREAS**, the Foundation is a private, non-profit corporation organized and existing under  
the Louisiana Non-Profit Corporation law (La. R.S. 12:201, et seq.) whose purpose includes the support  
of and benefit for the educational, scientific, research and public service missions of the University;

**WHEREAS**, pursuant to La. R.S. 17:3361, et seq., the LSU Board is authorized to lease to the  
Foundation any portion of the campus of the University;

**WHEREAS**, the LSU Board and the Foundation seek to further the mission and functions of the  
LSU Board through the redevelopment of several unused buildings in the New Orleans Medical District



area and returning these buildings to commerce as either residential or mixed used properties for University's students, residents, faculty, staff, visitors and the general public and for such other uses as are consistent therewith; and

**WHEREAS**, the LSU Board and the Foundation have agreed to enter into this Intent to Lease to outline the proposed relationship of the parties and the project.

**NOW THEREFORE**, the parties agree as follows:

**1. Purpose**

The purpose of this Intent to Lease Agreement is to provide an outline of the process and guidelines that the Foundation intends to observe in connection with the selection of vendors and the negotiation of proposed agreements with one or more sublessee(s) for the redevelopment of several unused buildings in the New Orleans Medical District area and returning these buildings to commerce mixed used properties generally supporting the University's students, residents, faculty, staff, visitors and the general public and for such other uses as are consistent therewith to support University's mixed uses, related services and other missions and functions of the University (herein the "Project"). If an agreement is reached between the Foundation and a sublessee that is acceptable to LSU, LSU intends to lease to the Foundation the following described property; as such property is more fully described further defined in EXHIBIT "A" hereto:

- A. DIBERT BUILDING, bearing a municipal address of 340 South Claiborne Avenue, New Orleans, LA 70112;
- B. L&M BUILDING, bearing a municipal address of 1620 Tulane Avenue, New Orleans, LA 70112;
- C. LSU MEDICAL SCHOOL BUILDING, bearing municipal address of 1542 Tulane Avenue, New Orleans, LA 70112;

Any such lease shall be for the construction and operation of the Project (as will be more specifically described in any resulting lease agreement) pursuant to the authority of La. R.S. 17:3361, *et seq.* or other applicable law.

**2. Process**

The Foundation will develop a process to manage the development of the Project. The development phase of the Project is expected to involve the following:

A. Through a competitive process, and with the consent of University, the Foundation will seek proposals for one or more sublessees with significant experience in projects similar to the Project. The Foundation will engage in an appropriate competitive process to evaluate potential sublessees.

B. Based on the above outlined process, the Foundation, with the University's approval, will select one or more sublessees possessing significant experience in projects similar to the Project, with which Foundation will negotiate one or more proposed agreements and/or subleases between the Foundation and the sublessee(s).

C. Following approval by the Foundation, the proposed Lease Agreement between the Foundation and the LSU Board will be submitted to the Foundation's Board of Directors and, following approval by the Foundation's Board of Directors, to the LSU Board (and any other agencies required by law) for review and approval.

D. The Lease Agreement to the Foundation shall thereafter govern the relationship between the LSU Board and the Foundation with regard to development pursuant to any Sublease(s)

### **3. LSU Approvals**

Any proposed Lease Agreement relating to the Project and the proposed Sublease(s) shall be subject to final review and approval by the LSU Board and any other agencies required by law; provided, however, that in accordance with applicable LSU Board policies and procedures, the President of LSU or his designee may grant the Foundation and/or any potential sublessee(s) limited and temporary rights of access to the leased area for purposes of performing site assessments and similar activities such as environmental surveys, topographical surveys, utility surveys and soil borings.

Although the parties to any Sublease(s) resulting from this process will be the Foundation and the sublessee(s), no such agreement will be executed by either party until approved by the LSU Board and will not become effective until approved by any other agencies required by law.

### **4. Financial Responsibility and Support of University**

It is intended that all expenses authorized and incurred by the Foundation in connection with the Project shall be the responsibility of the Foundation.

It is further intended that all financial risk and responsibility for the Project shall be borne by the Foundation and the sublessee(s), and neither the LSU Board nor the State of Louisiana shall bear any responsibility, whether directly or indirectly, for the fulfillment of any obligations established pursuant to the terms of any agreements entered into by the Foundation or any sublessee.

The lease of the Leased Premises to the Foundation will provide a source of rental and other revenue for the University. Any such lease to the Foundation will include an agreement by the Foundation and any sublessees to support the educational, scientific, research and public service functions of University.

### **5. Foundation Records**

The Foundation shall be solely responsible for maintaining custody and control of records related to the competitive processes and any responses thereto, for selecting the sublessee(s).

### **6. Non-Binding Agreement**

This Intent to Lease Agreement does not constitute a binding agreement, is not a lease of land or building space to the Foundation and does not obligate the LSU Board to enter into any lease agreement with the Foundation. The parties hereto will not be bound in any respect unless and until a Lease Agreement and any other agreements contemplated hereby are approved by the LSU Board and signed by all of the parties hereto.

**7. Expiration**

The provisions of this Intent to Lease Agreement shall expire and be of no further force and effect at **5:00 p.m. (Baton Rouge time) on \_\_\_\_\_, 2020**, unless such date is extended by the mutual written agreement of the parties hereto.

*(Signatures on Following Page)*

DRAFT

*Signature Page for the Intent to Lease Agreement for the LSU Health Sciences Center – New Orleans, Dibert, Butterworth, Hutchinson, L&M, and LSU Medical School Buildings and Land between Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and LSU Health Foundation, New Orleans*

**THUS DONE AND SIGNED**, on the dates indicated below and effective as of the Effective Date stated above.

**BOARD OF SUPERVISORS OF LOUISIANA  
STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE**

By: \_\_\_\_\_  
Daniel T. Layzell,  
Vice President for Finance and Administration,  
Chief Financial Officer of LSU

Date: \_\_\_\_\_

**LSU HEALTH FOUNDATION, NEW ORLEANS**

By: \_\_\_\_\_  
Matt Altier, President, Chief Executive Officer

Date: \_\_\_\_\_

DRAFT

**EXHIBIT "A"**

**INTENT TO LEASE AGREEMENT FOR**

**DIBERT MEDICAL BUILDING (STATE ID# 00524), LEPEYERE  
MILTENBERGER BUILDING (STATE ID# 00525) AND  
MEDICAL SCHOOL BUILDING (STATE ID# 11003)**

**LEASED PREMISES**

**PROPERTY DESCRIPTIONS**

**BUILDINGS LOCATED ON TRACTS "A-E"** As described in metes and bounds

*July 7, 2020*

Three buildings; Dibert are located on SQ 402 in the First Municipal District of New Orleans in Orleans Parish, Louisiana. The buildings are located on 5 parcels as describe in a survey produced by CSRS for LSUHSC in August 2013.

**TRACT A**

Tract A is a parcel of land 20,652 SF in size located at the southeastern corner of South Claiborne Avenue and Tulane Avenue, New Orleans, Louisiana. The parcel has a vacant four-story brick building called Dibert Memorial Building. Using the survey produced by CSRS for LSUHSC in August of 2013, the metes and bounds are as follows:

*On the southeast corner of the intersection of South Claiborne Avenue and Tulane Avenue at a point of beginning set "X" in the brick sidewalk proceeding S62d59'49"E for 70.79 feet along right of way; then S37d10'27"W for 302.63'; then N52d49'33"W 69.68'; then N 37d10'27"E for 290.13' along the right of way to the point of beginning.*

**TRACT B**

Tract B is a parcel of land 27,666 SF in size located adjacent to tract A and facing Tulane Avenue, New Orleans, Louisiana. The parcel has a small parking lot with 20 spaces and a vacant six-story limestone building called Lepeyre Miltenberger Building. Using the survey produced by CSRS for LSUHSC in August of 2013, the metes and bounds are as follows:

*Beginning at the set "X" in the brick sidewalk on the southeast corner of the intersection of South Claiborne Avenue and Tulane Avenue proceed S62d59'49"E for 70.79 feet along right of way to a point of beginning, proceeding S62d59'49"E for 120.02' along the right of way; then S27d00'11"W for 200.48'; then N62d59'330"W for 156'; then N37d10'27" for 203.28' to the point of beginning.*

**TRACT C**

Tract C is a parcel of land 6,058 SF in size located adjacent to tract A and tract B and interior to the block. The parcel is an open grassy area. Using the survey produced by CSRS for LSUHSC in August of 2013, the metes and bounds are as follows:

*Beginning at the set "X" in the brick sidewalk on the southeast corner of the intersection of South Claiborne Avenue and Tulane Avenue proceed S62d59'49"E for 70.79 feet along right of way; then S37d10'27"W for 203.28' to a point of beginning. Proceed S62d59'30"E for 136.74'; then S27d00'11"W for 43.26'; then N62d59'30"W for 144.18'; then N37d10'27" for 43.87' to the point of beginning.*

TRACT D

Tract D is a parcel of land 7,506 SF in size located adjacent to tract A, tract C and tract E interior to the block. The parcel is an open area with a covered walkway. Using the survey produced by CSRS for LSUHSC in August of 2013, the metes and bounds are as follows:

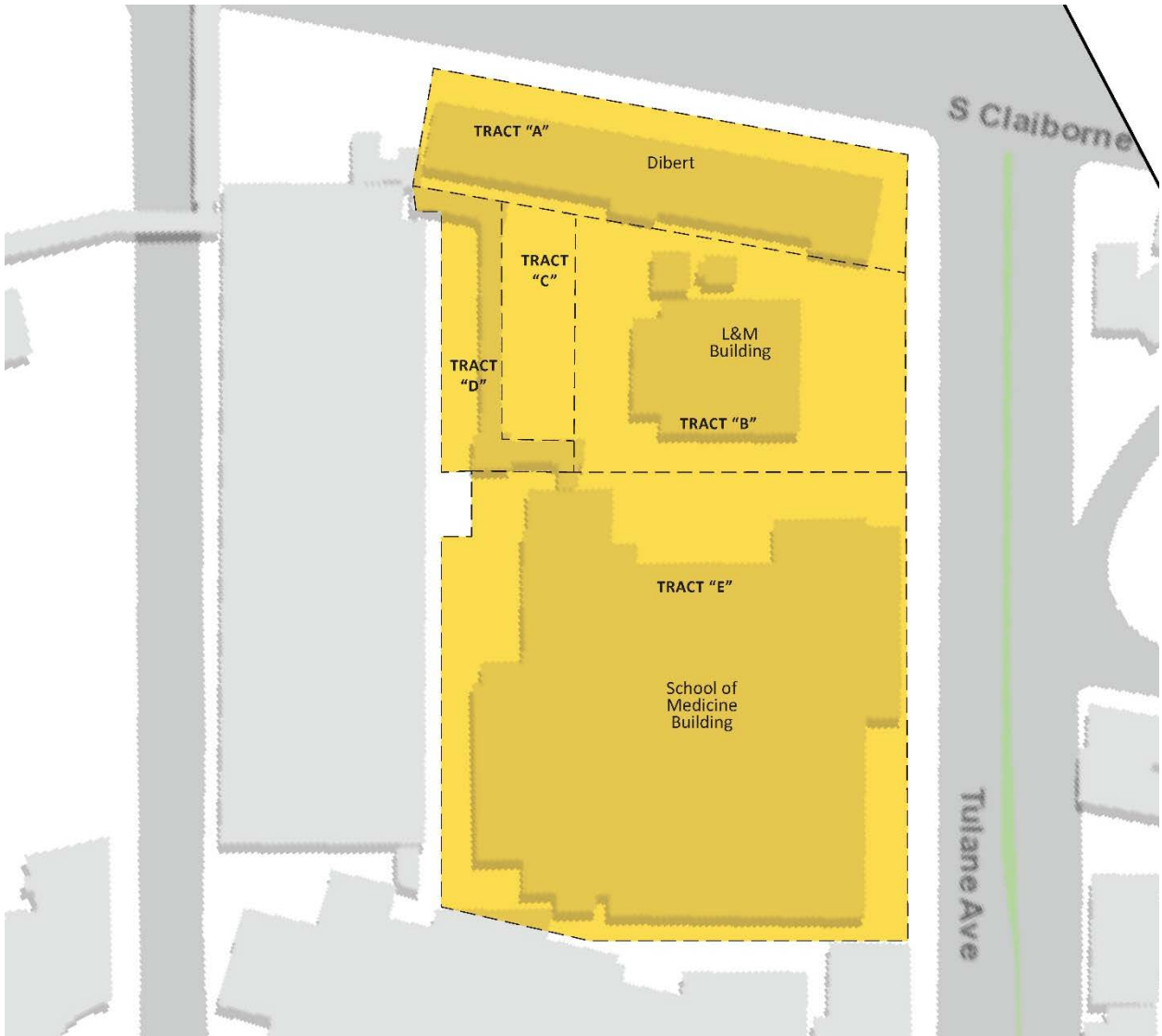
*Beginning at the set "X" in the brick sidewalk on the southeast corner of the intersection of South Claiborne Avenue and Tulane Avenue proceed S62d59'49"E for 70.79 feet along right of way; then S37d10'27"W for 247.15' to a point of beginning. Proceed S62d59'49"E for 144.18'; then N27d00'11"E for 43.26'; then S62d59'49"E for 20.26'; then S27d00'11"W for 81.90'; then N62d59'49" for 156.22'; then S27d00'11"W for 16.19'; then S62d59'49"E for 17.07'; then N39d10'27"E for 55.48' to the point of beginning.*

TRACT E

Tract E is a parcel of land 78,584 SF in size located adjacent to tract B and Tulane Avenue. The parcel has a single building, the LSU Medical School Building located at 1542 Tulane Avenue. Using the survey produced by CSRS for LSUHSC in August of 2013, the metes and bounds are as follows:

*Beginning at the set "X" in the brick sidewalk on the southeast corner of the intersection of South Claiborne Avenue and Tulane Avenue proceed S62d59'49"E for 190.81' to a point a beginning. Proceed S62d59'49"E for 284.47'; then N27d00'11"E for 191.57'; then S39d34'02"W for 92.76'; then S62d59'49"E for 224.08'; then N27d00'11" for 18.74; then S62d59'30"E for 40.30'; then N29d00'11"E for 263.34' to the point of beginning.*

Exhibit A.  
Parcel locations for lease, including three buildings, as depicted on the City of New Orleans  
Property Viewer website.





OFFICE OF THE CHANCELLOR

SCHOOL OF ALLIED HEALTH PROFESSIONS  
 SCHOOL OF DENTISTRY  
 SCHOOL OF GRADUATE STUDIES  
 SCHOOL OF NURSING  
 SCHOOL OF MEDICINE IN NEW ORLEANS  
 SCHOOL OF PUBLIC HEALTH

July 27, 2020

Thomas C. Galligan, Jr.  
 Interim President  
 LSU System Office  
 381 West Lakeshore Drive, Room 107  
 Baton Rouge, LA 70808

Dear Sir,

Pursuant to the Bylaws of the Louisiana State University Board of Supervisors, Article VII, Section 9 (A. 3), Lease of an Immovable Property, this is a "significant board matter."

The LSU Health Sciences Center – New Orleans (LSU HEALTH NEW ORLEANS) proposes to enter into an Intent to Lease Agreement with the LSU Health Foundation, New Orleans (Foundation) for the Clinical Education, Dibert, and L&M buildings and land. The purpose of the Intent to Lease Agreement is to provide an outline of the process and guidelines that the Foundation intends to observe in connection with the selection of vendors and the negotiation of proposed agreements with one or more lessee(s) for the redevelopment of several unused buildings in the New Orleans Medical District area and returning these buildings to commerce as mixed used properties for LSU HEALTH NEW ORLEANS students, residents, faculty, staff, visitors and the general public and for such other uses as are consistent to support either residential or mixed uses, related services and other missions and functions of LSU HEALTH NEW ORLEANS.

The Health Sciences Center respectfully requests approval of this Intent to Lease Agreement. I certify to the best of my knowledge that I have provided all necessary documentation and am seeking your review and favorable consideration. Thank you for your assistance.

Respectfully yours.

A handwritten signature in cursive script that reads "L. H. Hollier, M.D."

Larry Hollier, MD  
 Chancellor





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## Board of Supervisors

### Request from LSU Health Sciences Center - Shreveport to Approve the Schematic Design of the Center for Medical Education and Wellness

**Date:** September 11, 2020

#### **1. Bylaw Citation**

Pursuant to Article VII, Section 1

- F. Schematic Designs: Exterior elevations of new buildings and of renovations or construction projects that significantly alter the appearance of the exterior of the building or other physical structures, where the construction cost is anticipated to exceed \$1 million.

#### **2. Summary of Matter**

LSU Health Science Center-Shreveport requests the LSU Board of Supervisors approval of the schematic design for the Center for Medical Education and Wellness. Coleman Partners Architects | Perkins and Will, AJV, was selected by the Louisiana Architecture Selection Board at the September 10, 2019 meeting in accordance with all state laws and mandates.

#### **3. Review of Business Plan**

Not applicable.

#### **4. Fiscal Impact**

Not applicable.

#### **5. Description of Competitive Process**

Not applicable.

#### **6. Review of Legal Documents**

Not applicable.

#### **7. Parties of Interest**

Not applicable.

#### **8. Related Transactions**

Not applicable.

#### **9. Conflicts of Interest**

None.

**10. Attachments**

- I. Transmittal Letter
- II. Schematic Design (Site Plan & the Exterior Elevations)

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the exterior elevations for the LSU Health Sciences Center-Shreveport's Center for Medical Education and Wellness.



Health Sciences Center  
Office of the Chancellor

1501 Kings Highway  
P.O. Box 33932  
Shreveport, LA 71130-3932

O 318-675-5240  
F 318-675-5244  
www.lsuhseshreveport.edu

July 21, 2020

Mr. Tom Galligan  
Interim President  
LSU System  
3810 West Lakeshore Drive  
Baton Rouge, LA 70808

**RE: Significant Board Matter**

Approval of Schematic Design of Center for Medical Education and Wellness at LSU Health Shreveport

Dear Mr. Galligan:

In July of 2019, LSU Health Shreveport requested and received approval from LSU Facility and Property Oversight to place the Center for Medical Education and Wellness on the agenda for the next Engineer/Architect Selection Board Meeting. This request was approved leading to the selection of an architectural firm with whom we have been working closely over the past several months.

LSU Health Shreveport is respectfully requesting that the LSU Board of Supervisors approve the schematic design of the Center for Medical Education and Wellness at the August 14 meeting.

This transformative project is essential for LSU Health Shreveport to continue meeting our mission to *teach, heal and discover* as we have far outgrown the School of Medicine that was constructed in 1975 when the medical school class size was 32. Significant renovations have been made through the decades to accommodate our current class size of 150 students, but this class size is still not sufficient to meet the projected physician shortfall in Louisiana. The wellness space is also critical, as it will fully satisfy 2014 Liaison Committee on Medical Education (LCME) findings, which noted Noncompliance of Element 5.11, which addresses current recreational space, which is strained by student demand. Additionally, the proposed wellness space will positively affect the mental health of all students, residents and faculty, which is a strategic priority.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "G. E. Ghali".

G. E. Ghali, DDS, MD, FACS, FRCS(Ed)  
Chancellor

# LSU HEALTH SHREVEPORT

## Center for Medical Education and Wellness

Board of Supervisors Meeting

August 14, 2020

Perkins&Will



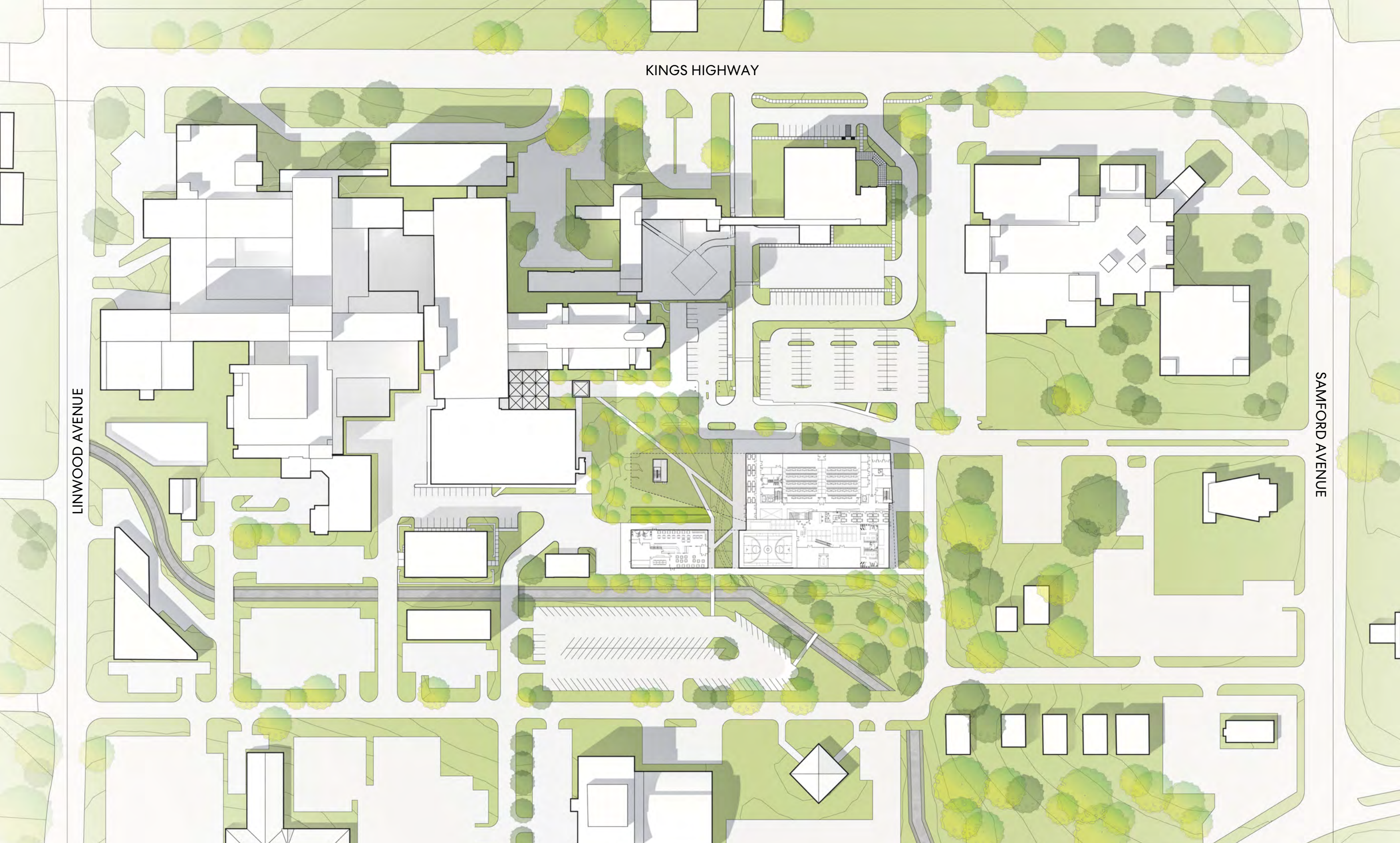
Coleman  
Partners  
ARCHITECTS LLC

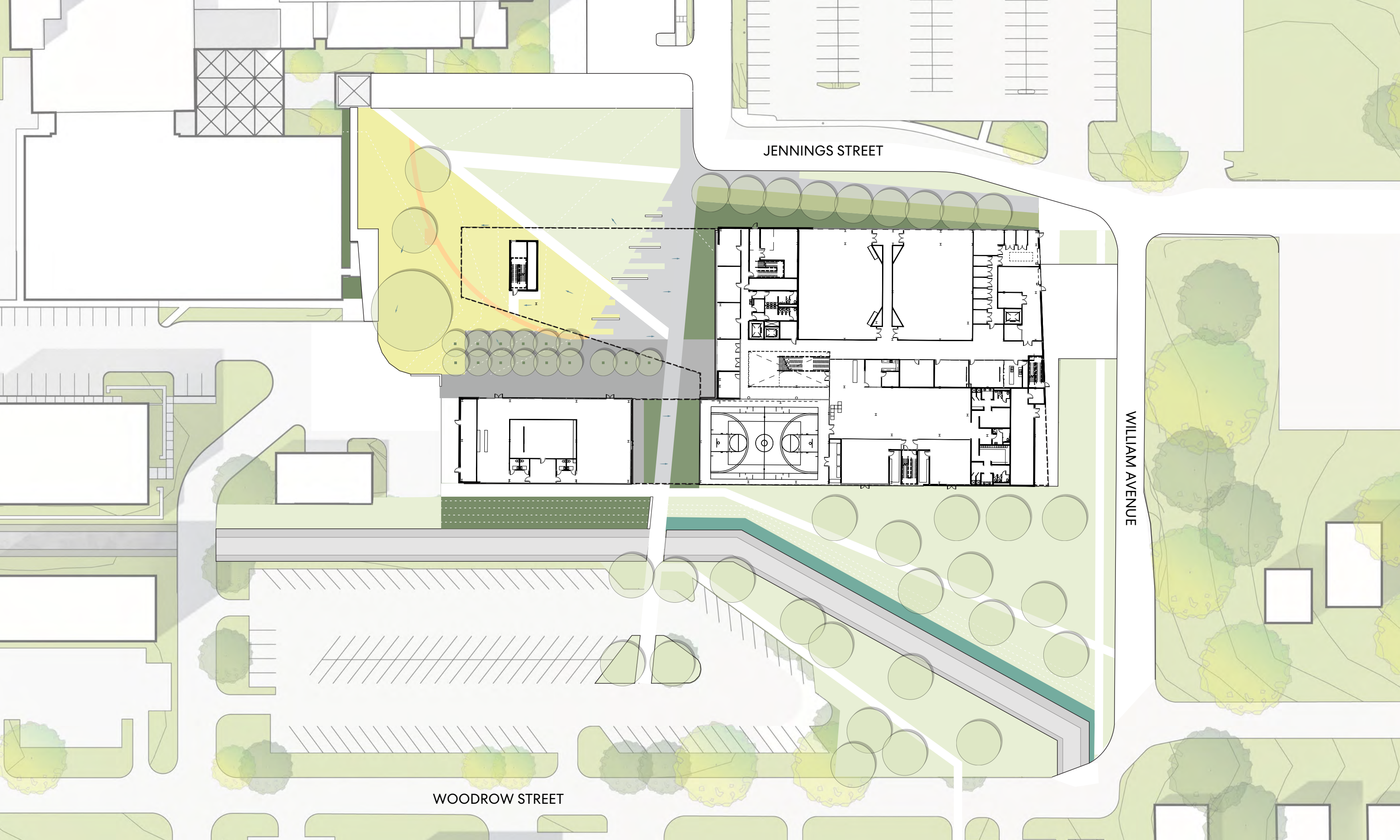
KINGS HIGHWAY

LINWOOD AVENUE

SAMFORD AVENUE

CAMPUS PLAN





JENNINGS STREET

WILLIAM AVENUE

WOODROW STREET

**SITE PLAN**





EXISTING AERIAL VIEW FROM SOUTHWEST



AERIAL VIEW FROM SOUTHWEST





VIEW FROM NORTHWEST

Perkins&Will





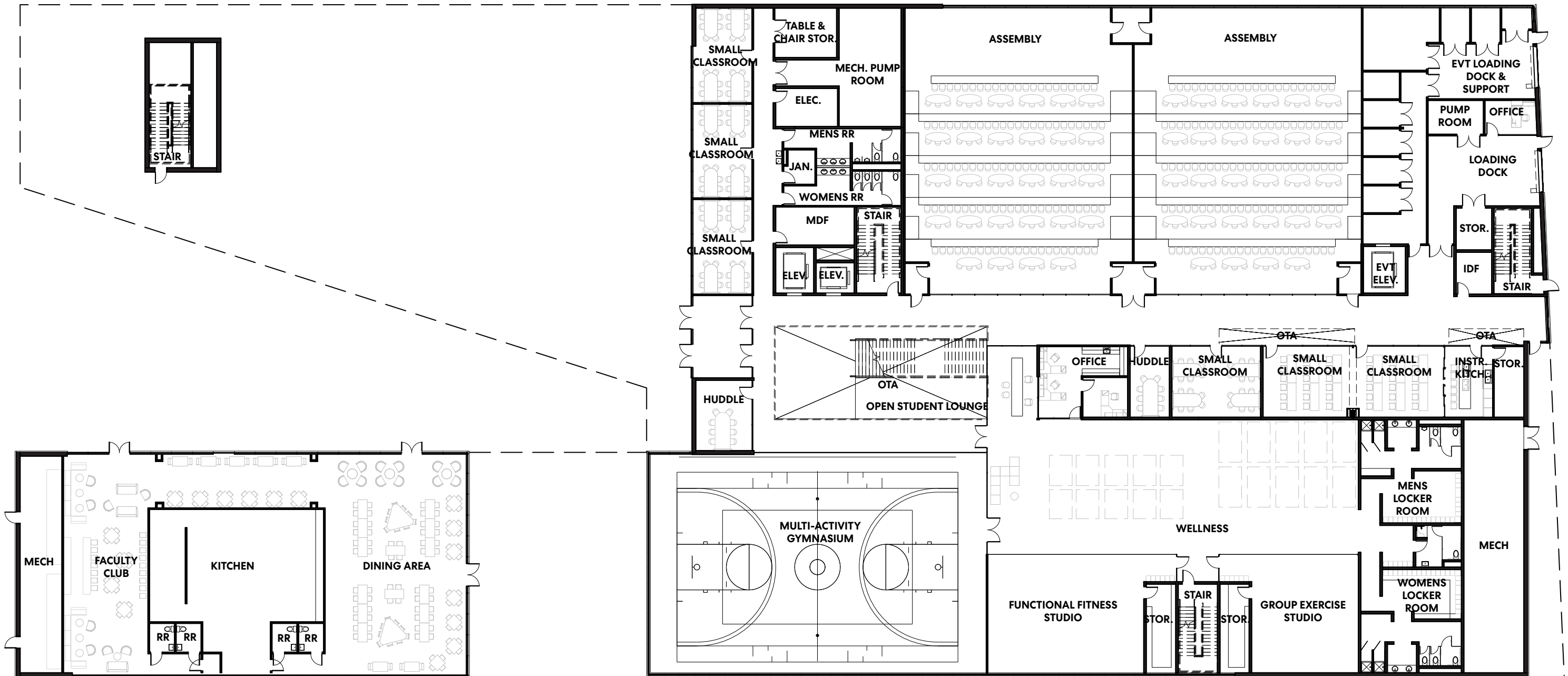
VIEW OF EXTERIOR PLAZA



VIEW OF EXTERIOR PLAZA

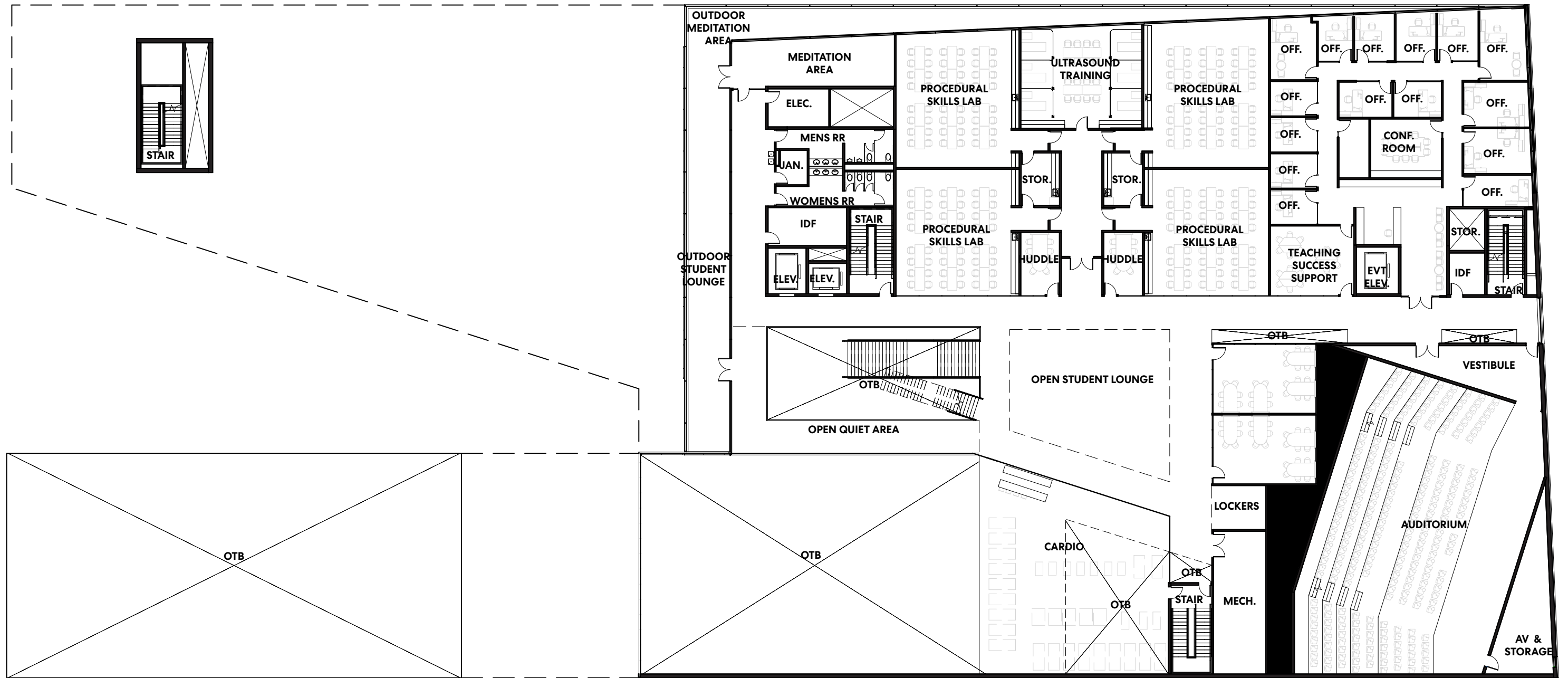


VIEW FROM LEVEL 02 INTERIOR



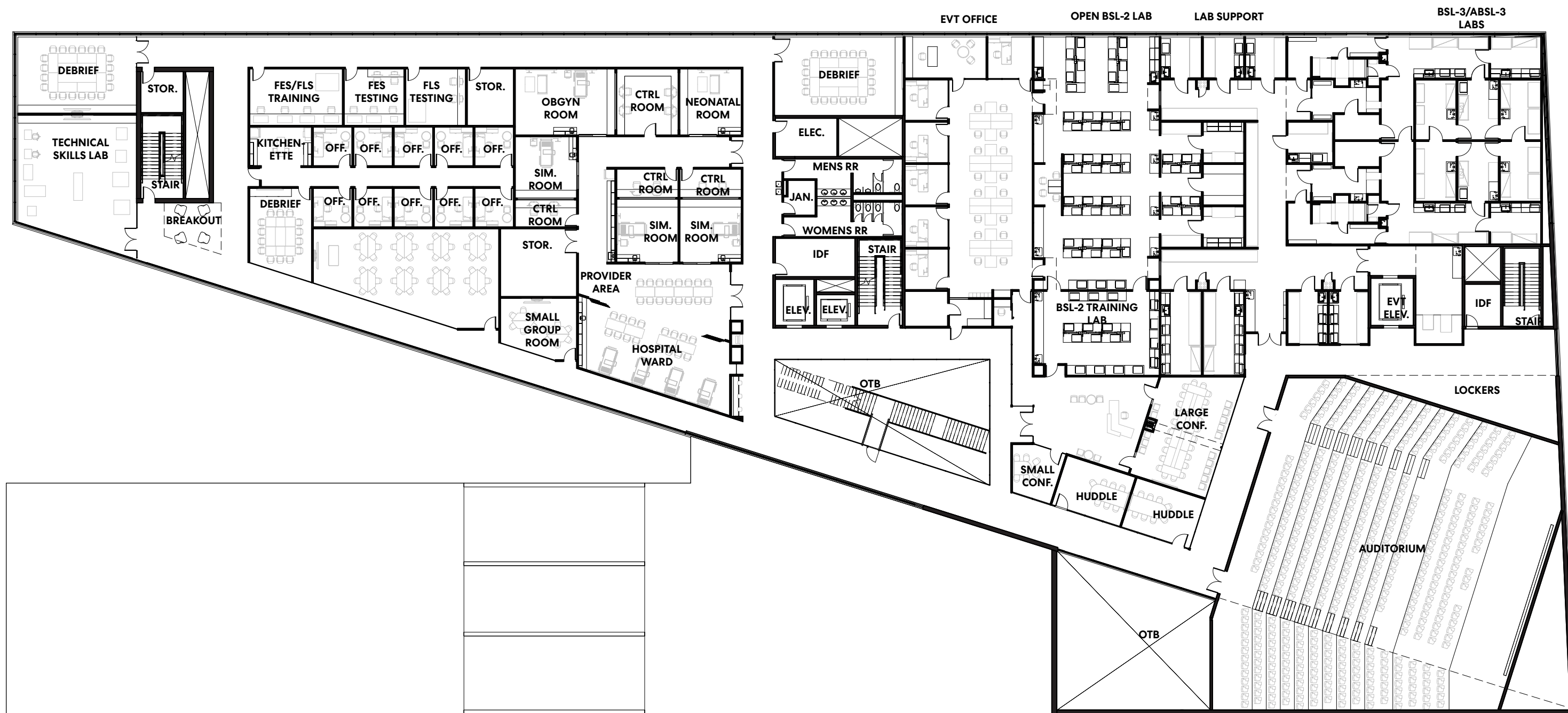
**FLOOR PLAN - LEVEL 01**

- |  |   |
|--|---|
| <span style="display: inline-block; width: 20px; height: 10px; background-color: #f46d43; border: 1px solid black;"></span> Academic Affairs | <span style="display: inline-block; width: 20px; height: 10px; background-color: #e67e22; border: 1px solid black;"></span> Instructional               |
| <span style="display: inline-block; width: 20px; height: 10px; background-color: #2ecc71; border: 1px solid black;"></span> Wellness         | <span style="display: inline-block; width: 20px; height: 10px; background-color: #9b59b6; border: 1px solid black;"></span> Clinical Skills /Simulation |
| <span style="display: inline-block; width: 20px; height: 10px; background-color: #5dade2; border: 1px solid black;"></span> EVT              | <span style="display: inline-block; width: 20px; height: 10px; background-color: #95a5a6; border: 1px solid black;"></span> Building Support            |



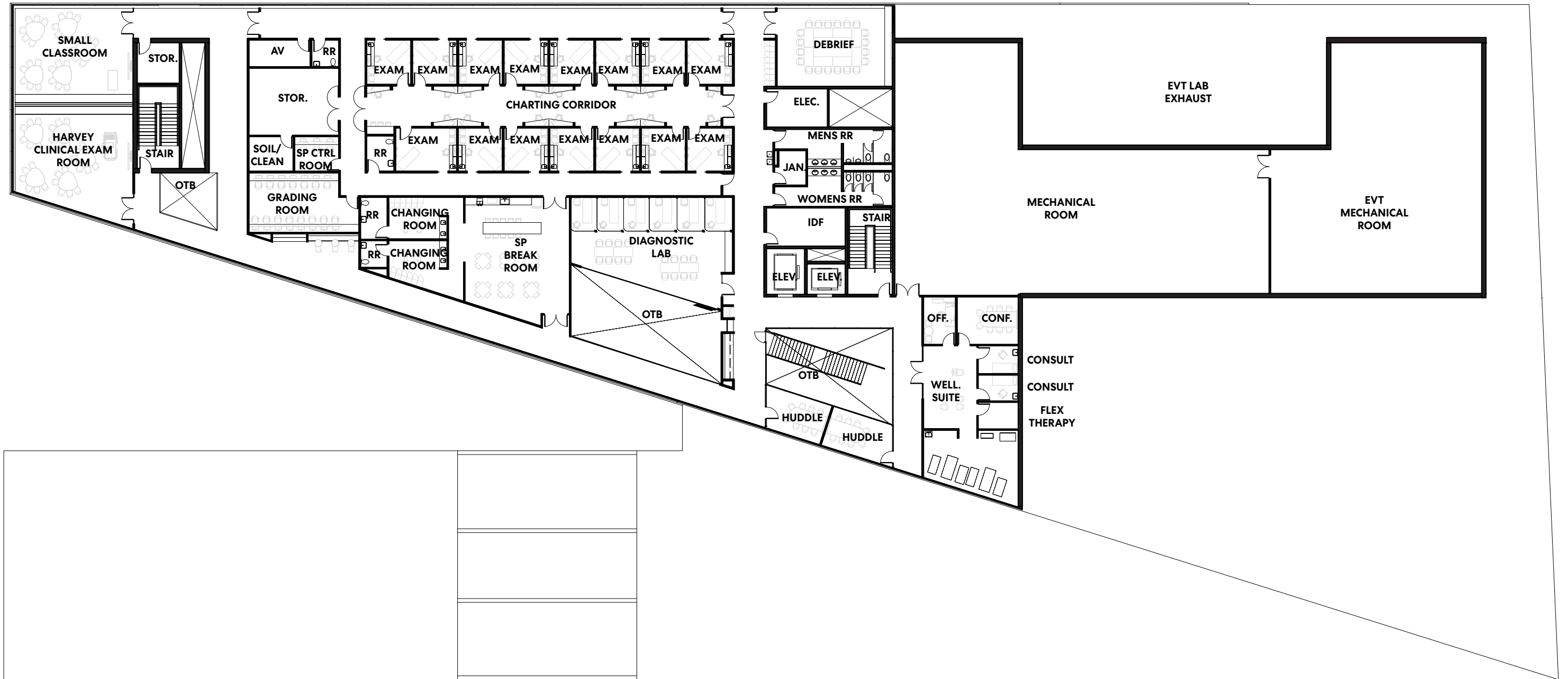
**FLOOR PLAN - LEVEL 02**

- |  |   |
|--|---|
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| <span style="display: inline-block; width: 15px; height: 15px; background-color: #81c784; border: 1px solid black;"></span> Wellness         | <span style="display: inline-block; width: 15px; height: 15px; background-color: #9c27b0; border: 1px solid black;"></span> Clinical Skills /Simulation |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #bbdefb; border: 1px solid black;"></span> EVT              | <span style="display: inline-block; width: 15px; height: 15px; background-color: #9e9e9e; border: 1px solid black;"></span> Building Support            |



**FLOOR PLAN - LEVEL 03**

- Academic Affairs
  - Wellness
  - EVT
- Instructional
  - Clinical Skills /Simulation
  - Building Support



**FLOOR PLAN - LEVEL 04**

- |  |   |
|--|---|
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #f46d43; border: 1px solid black;"></span> Academic Affairs | <span style="display: inline-block; width: 15px; height: 15px; background-color: #e67e22; border: 1px solid black;"></span> Instructional               |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #2ecc71; border: 1px solid black;"></span> Wellness         | <span style="display: inline-block; width: 15px; height: 15px; background-color: #9b59b6; border: 1px solid black;"></span> Clinical Skills /Simulation |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: #5dade2; border: 1px solid black;"></span> EVT              | <span style="display: inline-block; width: 15px; height: 15px; background-color: #95a5a6; border: 1px solid black;"></span> Building Support            |





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## Board of Supervisors

### **Request to Authorize an Intent to Lease Agreement with the LSU Real Estate and Facilities Foundation for the Utilities Modernization Initiative**

**Date: September 11, 2020**

#### **1. Bylaw Citation**

Pursuant to Article VII, Section 1

- A. General Rule
- C. Lease of Immovable Property

#### **2. Summary of Matter**

LSU's utilities infrastructure is essential to the long-term success of the University, and consists of three elements - the central plant, the distribution system, and the building mechanical systems. Working together, these three elements are responsible for providing heating, cooling, and electricity to the campus.

Each of these three elements is aging, and like much of the campus, suffering from extensive deferred maintenance due to a lack of capital funding. The current utilities infrastructure fails to provide redundancy for the campus, meaning that even a small failure in one component of the system can cause large portions of campus to suffer a loss of heating and cooling. The utilities infrastructure requires investment to reliably meet the campus' current needs and to be prepared for future needs based on anticipated growth described in the Comprehensive and Strategic Campus Master Plan.

Thanks to the hard work of LSU facilities staff, many of the major components of the utilities infrastructure have continued to operate long after the end of their expected useful life, but this is not a sustainable strategy. Major components of the utilities infrastructure are beginning to fail, resulting in large, unplanned expenses for emergency repairs and replacements in order to maintain uninterrupted heating and cooling services on campus which divert resources from other campus priorities. As an illustrative example, LSU currently has approximately 3-5% surplus capacity to cool the campus during the summer and early fall. If a single turbine or pump fails, some buildings will be uncomfortably warm. For example, at the beginning of the Spring 2018 semester, a cooling tower suffered catastrophic failure, and LSU was forced to spend approximately \$4.5 million to replace the tower and to rent temporary chillers to keep the campus properly cooled. This type of reactive maintenance is expensive, disruptive to the campus and its budget, and detracts from LSU's efforts to strategically invest in a more modern and efficient system.

Given these challenges, LSU issued a competitive Request for Quote and Qualification in June 2018 to select a consultant to perform an Assessment of Non-Core Services, including the utilities infrastructure. LSU selected the KPMG Team, which consists of KPMG LLP, Franklin Associates, Sisung Group, and Pennoni Associates, to examine how LSU manages, operates, and budgets for its non-core services, with a specific focus on the central plant, distribution system, and building

mechanicals. LSU established an Executive Oversight Committee made up of senior university leaders to govern the assessment. The Executive Oversight Committee reviewed findings and approved recommendations from the KPMG Team based on the assessment.

The KPMG Team thoroughly examined all aspects of operations and management of LSU's utilities infrastructure and made recommendations that will allow LSU to drive operational efficiencies. The KPMG Team presented the outcomes of its assessment to the Executive Oversight Committee during the summer of 2019, and to the LSU Board of Supervisors ("Board") during the September 10, 2019 and March 6, 2020 Meetings. The KPMG Team offered two core recommendations for improvements to the utilities infrastructure:

- 1) Invest in hydraulic modeling, chilled water flow metering and improved operational sequencing for the central utility plant with the goal of targeting annual energy commodity savings of approximately \$2 million per year, with minimal capital investment; and
- 2) Pursue a modernization initiative of LSU's utilities infrastructure to facilitate needed capital investments required to achieve enhanced levels of service, system redundancy, reduction in deferred maintenance, and increased capacity to meet LSU's Campus Master Plan.

LSU is currently implementing the hydraulic modeling, chilled water flow metering, and optimal operational sequencing methodology to drive immediate operational savings. Additionally, the University is seeking to deliver the utilities infrastructure modernization (called the Utilities Modernization Initiative) through a public private partnership ("P3"). Under a P3 approach, LSU would lease the central plant and other components of the utilities system to the LSU Real Estate and Facilities Foundation ("REFF"), who would in turn, enter into an agreement with a provider company, selected through a competitive process, which specializes in delivering district energy modernization, operations, and maintenance. REFF and the private partner would then use private funding to make critical capital improvements in the University's central plant and the utilities system. In consideration, LSU would make payments over time to the private partner via REFF for the provision of energy and utilities services.

Arrangements similar to that described above are becoming more common in higher education. The Ohio State University, the University of Iowa, Syracuse University, the University of North Dakota, and California State University, Fresno, among many others, have all turned to public private partnerships in recent years for substantial capital investment and operation of their utilities infrastructure.

LSU has established the following goals for delivery of the Utilities Modernization Initiative. These goals were first presented at the March 6, 2020 Board of Supervisors meeting.

- 1) Establish robust levels of service and increased cost certainty for operations and maintenance of the utilities infrastructure;
- 2) Address deferred maintenance challenges;
- 3) Address LSU's increase in energy demand while maintaining flexibility for investment based on the University's capacity needs as laid out in the Comprehensive and Strategic Campus Master Plan;
- 4) Achieve operational efficiencies for operation of the central plan; and

- 5) Ensure system resiliency and high-performance operations and maintenance services.

These goals will guide the project procurement and implementation strategy. Fundamentally, LSU seeks to lower its **projected** spend on providing district energy services to the campus. As noted earlier, as major components of the utilities infrastructure fail, LSU must expend resources for expensive reactive maintenance and rental equipment to ensure the campus is still heated and cooled, causing unpredictability in future projected costs as LSU is forced to expend resources to address unplanned system failures. The P3 approach will result in ongoing, preventative investment in the system that will ultimately drive greater predictability in budgeting for LSU's utility infrastructure and efficiency of operations. In short, LSU must make major capital improvements now, to avoid spending even more on less efficient capital improvements later.

LSU, working collaboratively with REFF, is seeking a private partner which will work with the University to drive long-term investment in the system and generate operational efficiencies for LSU. The selected private partner will bring expertise in providing district energy services and will have experience operating and maintaining utilities infrastructure in a higher education environment. A private partner selected for this task would utilize its experience and expertise to operate and invest in the system more efficiently.

It is important to understand that P3 projects, while they have the potential to provide great value to the University, are not sources of no-cost money. Every dollar invested by a private partner will eventually be repaid by the University. LSU is seeking to maximize the value of such a partnership through a competitive procurement process involving a broad selection of leading market participants to drive the best deal possible for the University.

To further explore a public private partnership for the central plant and other utilities services, LSU will use the same general Intent to Lease process it has successfully used for the Charity Hospital Redevelopment Project and the Nicholson Gateway Project. LSU will sign an Intent to Lease (ITL) agreement with the REFF, under which REFF will, in ongoing cooperation with LSU, conduct an extensive and transparent competitive process to identify the best approach, and the best private partner, for LSU.

LSU has already engaged in extensive market sounding exercises with leading utility and energy services vendors. These exercises have demonstrated substantial interest from national and international industry leaders, and those leaders have provided LSU with substantial insight into how to best structure a future lease / procurement that balances the needs of the University with the capabilities and experience of the market. By striking this balance, the University should attract the most competitive proposals and ensure that LSU and REFF will be able to effectively evaluate which of the competing proposals is most likely to provide the best value to LSU.

#### *Summary of Intent to Lease and Competitive Selection Process*

The Intent to Lease process is well-established and has provided proven value to the University through the Nicholson Gateway and Charity Hospital projects:

- A. LSU and REFF will execute an "Intent to Lease" agreement substantially similar to the one attached. This Intent to Lease agreement will set forth a management structure for moving forward with the project.

- B. REFF, with support from LSU staff, the LSU Office of General Counsel, the Project Advisors, and outside counsel, will issue a Request for Qualifications (RFQ) open to all industry participants.
- C. A Project Management Committee (PMC) mutually selected by LSU and REFF and supported by analysis by the Project Advisors and a recommendation from a subcommittee of the PMC, will review and score the responses to the RFQ.
- D. Based on the scoring by the PMC, REFF will create a shortlist of qualified respondents (anticipated to be no more than three respondents) and invite the shortlisted respondents to exclusively respond to a detailed Request for Proposals (RFP). After issuance of the RFP, there will be a due diligence period during which these qualified respondents will be given access to campus to conduct detailed review of LSU's existing facilities conditions, before responses to the RFP are due.
- E. The PMC, supported by analysis of the Project Advisors and a recommendation from a subcommittee of the PMC, will review and score the responses to the RFP. Depending on the nature of the responses received, there may be a best-and-final-offer process requested from one or more of the RFP respondents prior to final scoring of the proposals by the PMC. Upon completion of the scoring by the PMC, REFF, working closely with LSU staff, the LSU Office of General Counsel, the Project Advisors, and outside counsel, will finalize the terms and conditions of appropriate leases, subleases, and other agreements between LSU, REFF, and the selected private partner.
- F. Only after the proposed agreements are prepared, and all the financial and other details of the project are known and reduced to writing, will the agreements be presented to REFF's Board of Directors for approval, then to the Board for approval as required by the Bylaws. This will ensure that the Board is fully aware of the financial and other terms of the agreements before it consents to bind the university. The Board will be kept informed of the progress of negotiations regularly, and no binding decisions will be made until the Board has had ample opportunity to review the final details of the proposed agreements.
- G. After LSU Board of Supervisors approval, the University will seek all needed State approvals.

### *Benefits to LSU*

LSU expects to procure a private provider who will make substantial private capital investments into the LSU central utility plant and other facilities to address deferred maintenance needs and substantially improve the provision of heating, cooling, and other utility services to the campus through the generation of operational efficiencies.

### **3. Review of Business Plan**

LSU has engaged a Project Advisory Team, which is led by KPMG and includes several recognized national and international leaders in providing advisory services on district energy transactions, to serve as advisors through the procurement of this public private partnership. Through the joint efforts of LSU and the Project Advisory Team to date, the University has attracted substantial interest in the Utilities Modernization Initiative from the industry leaders in this area, the same companies that LSU's peers have relied on to improve their own utilities infrastructure performance.

All costs LSU has incurred from the KPMG engagement are expected to be fully reimbursed to LSU upon financial close with a private partner, as will all costs incurred by REFF during the competitive process called for by this Intent to Lease.

LSU will be under no obligation to enter into a contract with a private vendor unless and until the Board approves an agreement resulting from this process. Other than reimbursement of REFF's direct pursuit costs, LSU will have no liability if it decides not to move forward.

#### **4. Fiscal Impact**

LSU spends approximately \$32 million annually to heat, cool, and power the campus. Over the next 40 years, if LSU spent its current budget on operation and maintenance of its utilities infrastructure, inflated at 2.5%, its total spend would be approximately \$855 million in Net Present Value dollars.

However, as noted above, LSU cannot continue to operate and maintain its utilities infrastructure at the current levels of service and budget, because:

1. Many of LSU's utilities infrastructure assets are currently near, at, or past their expected useful lives, posing risk of future catastrophic failure,
2. LSU does not currently have appropriate redundancy in its system to mitigate the effects of failure from any particular infrastructure component, and
3. LSU's Comprehensive and Strategic Campus Master Plan defines future campus growth plans that will require additional utilities infrastructure.

Due to these challenges, if LSU continues to self-operate and maintain its utilities infrastructure at its current budget and levels of service, the University would contend with (1) substantial run-to-failure costs, meaning LSU would be forced to conduct expensive reactive maintenance or rent equipment to ensure the campus remains heated and cooled, and (2) escalating commodity consumption costs as the utilities infrastructure grows more inefficient with aging.

The Project Advisory Team has conducted extensive analysis of LSU's expected expenditures (both the commodities and operational costs and the run-to-failure costs described above). Based on that work, if LSU operates at its existing levels of service without a modernization of its utilities infrastructure it will spend approximately \$995 million in Net Present Value dollars on its utilities infrastructure over the next 40 years. This cost is significantly greater than the Net Present Value of its current budget inflated over the next 40 years. This is driven primarily by higher commodity volumes as a result of operating inefficient equipment and substantial run-to-failure costs associated with the need for supplemental rental equipment and excessive reactive maintenance expenses.

LSU is seeking a transaction that drives long-term costs that are lower than its projected expenditures and at higher levels of service. LSU anticipates that modernization of the utilities infrastructure through a public private partnership should reduce the projected annual commodity and operating costs for this system and reduce projected expenditure for reactive maintenance and inefficient rental equipment. LSU anticipates that the private partner will have financial incentives to drive operational and commodity savings through more efficient operations, but only to the extent that LSU actually experiences those savings. Lastly, LSU

anticipates that its selected private partner would drive additional capital renewal and investment into its utilities infrastructure, allowing the University to limit its deferred maintenance obligation and remain nimble based on needs projected by the Comprehensive and Strategic Campus Master Plan.

REFF is expected to incur some out-of-pocket expenses, subject to approval by LSU, in order to conduct the competitive process called for by the ITL. Those costs will be reimbursed at financial close of any resulting deal. Should the project fail to achieve close, in accordance with established processes for such projects, LSU will reimburse REFF for its reasonable, out-of-pocket expenses incurred with LSU approval.

Additionally, as noted earlier the University's full pursuit costs for this initiative (e.g., the cost of the KPMG engagement) will be included as part of the reimbursable expenses to be paid out of the transaction proceeds at financial close. These funds will be deposited back into the University's budget for other uses at that time. REFF's out of pocket expenses associated with the transaction will similarly be reimbursed out of the closing proceeds. This expectation and requirement will be clearly explained in both the RFQ and RFP documents that will be provided to potential vendors.

## **5. Description of Competitive Process**

See section 1 above.

## **6. Review of Legal Documents**

The final Intent to Lease Agreement between LSU and the REFF will be largely similar to the attached draft and reviewed by the LSU Office of General Counsel before execution.

## **7. Parties of Interest**

The following parties have an interest in and/or are Advisors to the University in relation to this transaction.

LSU  
LSU Foundation and its supporting entity, the LSU Real Estate and Facilities Foundation  
KPMG LLP  
Franklin Associates  
Sisung Group  
Pennonni Associates  
Phelps Dunbar  
Mayer Brown

## **8. Related Transactions**

The Intent to Lease Agreement anticipates that LSU and the REFF will work together to negotiate agreements between LSU, REFF, and the selected private partner.

## 9. Conflicts of Interest

None known at this time. REFF has adopted a comprehensive conflict of interest policy, and any of its board members with a personal or financial interest in any responding party will recuse themselves from participation in all aspects of the competitive process and any resulting negotiations.

## 10. Attachments

1. Transmittal Letter
2. Draft of Intent to Lease Agreement
3. KPMG Report to Board of Supervisors
4. LSU Energy System Modernization Goals

## RESOLUTION

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College authorizes the President of LSU, or his or her designee, to execute an Intent to Lease agreement between LSU and the LSU Real Estate and Facilities Foundation (REFF), which agreement shall provide for, in addition to such other terms and conditions as the President or designee deems to be in the best interests of LSU, the following:

1. That REFF, through a competitive process consistent with the description provided above, and with the participation of appropriate LSU representatives, outside counsel, and the LSU Office of General Counsel, will select a private partner for leasing and/or operating the LSU central utilities plants and related utilities infrastructure, and negotiate the terms and conditions of one or more agreements with the selected private partner;
2. That any proposed agreements resulting from this process shall be subject to approval by this Board as provided in the Bylaws and the Uniform Affiliation Agreement;

**AND, BE IT FURTHER RESOLVED** that the various review, selection, recommendation, and negotiation processes conducted in accordance with the Intent to Lease Agreement shall be consistent with following principles:

1. The process shall be conducted with as much transparency as is practical, consistent with the statutorily-required private character of the REFF and the need to protect sensitive proprietary or competitive information submitted by private developers during the selection process;
2. The process shall align with the goals of LSU's Supplier Diversity Program;
3. The process shall be guided by the LSU Energy System Modernization Goals as set forth in Appendix IV attached hereto;
4. The location and construction of any improvements ultimately constructed by the private partner shall be consistent with the Comprehensive and Strategic Master Plan for the Flagship Campus;

5. LSU's primary goal is to obtain substantial improvements for its utilities infrastructure, and not necessarily to obtain any "monetization" or other up-front payments in consideration for the lease; and
6. LSU shall maintain full control over capital expenditures and similar investments made through the life of this initiative.





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**CAMPUS CORRESPONDENCE**

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**To:** Thomas C. Galligan, Jr. **Date:** August 3, 2020  
Interim President of LSU

**Through:** Daniel T. Layzell, Executive Vice President for  
Finance & Administration/CFO

**Through:** Tony Lombardo, Associate Vice President  
Facility & Property Oversight

**From:** Patrick H. Martin, V, Assistant Vice President  
Real Estate, Public Partnerships, and Compliance

A handwritten signature in blue ink, appearing to read 'P. H. Martin, V', is written over the 'From:' field.

**Subject** **Board of Supervisors Agenda, August 14, 2020 Meeting**  
**Request from LSU A&M to Authorize an Intent to Lease Agreement with the LSU Real Estate and Facilities Foundation for the Utilities Modernization Initiative**

LSU is requesting approval from the Board of Supervisors to enter into an Intent to Lease Agreement by which REFF will conduct a competitive process to select and recommend a private vendor for modernizing the utilities and energy infrastructure on the LSU Flagship campus.

We request this be placed on the agenda for the Board's meeting scheduled for August 14, 2020.

Thank you.

**ATTACHMENT 2**  
**INTENT TO LEASE AGREEMENT FOR THE**  
**LSU UTILITIES MODERNIZATION INITIATIVE**

**THIS INTENT TO LEASE AGREEMENT FOR THE LSU UTILITIES MODERNIZATION INITIATIVE** (herein “Agreement”) is entered into effective as of August \_\_\_\_, 2020 (the “Effective Date”), by and between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE (LSU or University)**, a public constitutional corporation organized and existing under the Constitution and laws of the State of Louisiana, domiciled in the Parish of East Baton Rouge, said State, appearing herein through the President of Louisiana State University, duly authorized and empowered by said Board of Supervisors,

and

**LSU REAL ESTATE AND FACILITIES FOUNDATION (the Foundation)**, a private nonprofit Louisiana corporation having a principal place of business located at 3796 Nicholson Drive, Baton Rouge, Louisiana, 70802, and represented by Robert M. Stuart, Jr., its duly authorized and empowered Chair.

who agree as follows:

**1. Purpose**

The purpose of this Intent to Lease Agreement is to provide an outline of the process and guidelines that the Foundation will observe in connection with the selection of a private firm to lease and/or operate LSU’s central plant and related utility infrastructure as described in a resolution adopted by the Board of Supervisors on August 14, 2020 (the LSU Utilities Modernization Initiative or the Project). If an agreement is reached between the Foundation and a private firm, selected in accordance with the Competitive Process as set forth in Section 3 below, that is acceptable to LSU, the University intends to lease its central plant and related utility infrastructure (as will be more specifically described in any resulting agreements) to the Foundation pursuant to the authority of La. R.S. 17:3361 or other applicable law, with the Foundation to sublease the same area to the private firm to renovate, improve, and operate the leased utilities infrastructure in accordance with the principles established by the Board by resolution adopted August 14, 2020. In the event a lease arrangement becomes inappropriate or less than optimal to achieve LSU’s goals for the Project, a cooperative endeavor agreement or other contracting mechanism authorized by law may be used instead. It is understood that the Foundation may form a special purpose entity to perform all responsibilities otherwise ascribed to the Foundation in relation to the LSU Utilities Modernization Initiative.

## 2. Project Management Committee and Project Advisory Team

A. *Formation and voting requirement.* The Foundation will form a Project Management Committee (PMC) composed of nine members, five of which will be appointed by the Chair of the Foundation. Four members will be appointed by the President of LSU. Unless otherwise designated in writing by the President, the LSU members will be: (i) a member of the LSU Board of Supervisors designated by the Board Chair; (ii) the Executive Vice President for Finance & Administration/CFO or his designee; (iii) the Associate Vice President for Facility & Property Oversight, and (iv) the Assistant Vice President for Real Estate, Public Partnerships, and Compliance. A representative from the LSU Office of General Counsel shall serve as an ex officio, non-voting member of the PMC. The purpose of this Committee is to manage the Competitive Process set forth in Section 3 below and evaluate proposals received pursuant thereto. A 2/3 vote of the Project Management Committee will be required to take any action.

B. *Evaluation Subcommittee.* The Chair of the Foundation will appoint a subcommittee of the PMC consisting of at least 3 but no more than 6 voting members, who need not be members of the PMC, to conduct a preliminary analysis and evaluation of proposals submitted by private firms pursuant to the Competitive Process set forth in Section 3 below. Scoring recommendations from the Evaluation Subcommittee will be on a consensus basis. All actions taken by the Evaluation Subcommittee shall require a 2/3 favorable vote. The Evaluation Subcommittee shall consult with the Project Advisory Team and such other persons it deems necessary and appropriate to fully evaluate the proposals received. Unless otherwise set forth in writing by the Chair of the Foundation, the Evaluation Committee shall consist of: (i) the Chair of the Foundation, (ii) another member of the Foundation's Board named by the Chair of the Foundation, (iii) the Foundation's Vice President and General Counsel, (iv) LSU's Assistant Vice President for Real Estate, Public Partnerships, and Compliance, and (v) LSU's Executive Director for Facilities Services. In addition to the voting members, the following individuals shall serve as ex officio, non-voting participants in all Evaluation Subcommittee deliberations and discussions: (i) LSU's Assistant Vice President for Planning, Design, and Construction, (ii) LSU's Deputy General Counsel, and (iii) any other persons with appropriate expertise selected by the Chair of the Foundation.

C. *Project Advisory Team.* LSU has previously engaged, through a highly competitive process, a Project Advisory Team, whose duties include assisting LSU in its cooperation with the Foundation for designing and conducting of the Competitive Process described in Section 3 below. This Project Advisory Team will provide all assistance to the Competitive Process required of it pursuant to its contract with LSU, but the final responsibility for conducting the competitive process, the content of the Request for Qualifications and Request for Proposals, and the evaluation of the proposals submitted will be with the Foundation. The Project Advisory Team will provide support to the Evaluation Subcommittee, the PMC, and the Foundation's Board for all aspects of the competitive process. The Foundation will not engage any other Project Advisory Team unless requested in writing to do so by LSU. The Project Advisory Team is led by KPMG LLP, and

includes subcontractors with financial, technical, and communications expertise. It also includes experienced outside counsel representing LSU.

### 3. Competitive Process

A. *Request for Qualifications.* The Foundation will issue a Request for Qualifications (RFQ) soliciting expressions of interest and statements of qualifications to fulfill the goals of the Project as the private firm responsible for operating and improving LSU's utilities infrastructure. The Foundation, supported by LSU staff and the Project Advisory Team, will draft and issue the RFQ and collect, analyze, and summarize the resulting submissions from private firms. Prior to issuing the RFQ, the PMC will adopt a formal guide that will govern the RFQ process and ensure a fair and open competitive process.

B. *Evaluation of RFQ Responses.* After the due date for submission of responses to the RFQ, all responses received will be transmitted to each member of the PMC, the Evaluation Subcommittee, and the Project Advisory Team. The Evaluation Committee will meet as necessary, working closely with the Project Advisory Team, to prepare detailed summaries of each of the responses and, after the analysis has been completed, make recommendations to the PMC for the scoring of each proposal received. The PMC will review the proposals and the summaries and recommendations of the Evaluation Subcommittee, and will make the final scoring determinations for each response. The Evaluation Subcommittee and the PMC shall each have the authority to request presentations from one or more respondents prior to completing their recommendations or decisions.

#### C. *Semi-Finalists*

Upon completion of the evaluation and scoring by the PMC, the firms with the top three scores shall be Semi-Finalists, who will be exclusively invited to respond to the detailed Request for Proposals (RFP) described in subsection D, below. In the event that there is a significant distance in scoring between the firm scoring in second place and the firm scoring in third place, such that the PMC believes it unlikely that the third-placed firm would have a realistic possibility of being selected at the end of the RFP process, the PMC may determine, by 2/3 vote, to restrict the semi-finalists to the two highest-scoring firms.

D. *Request for Proposals.* After the Semi-Finalists have been determined, and upon written authorization to proceed by LSU, the Foundation, supported by the Project Advisory Team, will issue a Request for Proposals (RFP) exclusively to the Semi-Finalists inviting proposals from each of them to serve as the private firm responsible for operating and improving LSU's utilities infrastructure. Prior to issuing the RFP, the PMC will adopt a formal guide that will govern the RFP process and ensure a fair and open competitive process.

E. *Access to LSU Data and Facilities.* It is anticipated that the Semi-Finalists will need extensive access to LSU facilities and facilities-related data in order to conduct the due diligence

necessary to prepare their proposals for the RFP. LSU, through the LSU Representative, will enter into any data-sharing and campus access agreements necessary to provide such access on an equal basis to all Semi-Finalists.

F. *Evaluation of RFP Responses.* After the due date for submission of responses to the RFP, all responses received will be transmitted to each member of the PMC, the Evaluation Subcommittee, and the Project Advisory Team. The Evaluation Committee will meet as necessary, working closely with the Project Advisory Team, to prepare detailed summaries of each of the responses and, after the analysis has been completed, make recommendations to the PMC for the scoring of each proposal received. The PMC will review the proposals and the summaries and recommendations of the Evaluation Subcommittee, and will make the final scoring determinations for each proposal. The Evaluation Subcommittee and the PMC shall each have the authority to request presentations from one or more respondents prior to completing their recommendations or decisions.

G. *Final Selection.* The PMC will be ultimately responsible for selection of a Finalist from among the respondents to the RFP, with whom it will engage in detailed negotiations. Prior to selection of a single Finalist, the PMC, with advice and assistance from the Project Advisory Team, may request best and final offers or engage in competitive negotiations with one or more of the Semi-Finalists after submission of the RFP proposals.

H. *Negotiations.* After the selection of a Finalist, the Foundation will enter into negotiations with that Finalist for lease or other appropriate agreements to implement the LSU Utilities Modernization Initiative. The Foundation, with approval by LSU, will appoint a negotiating team, including legal counsel for both LSU and the Foundation, to conduct such negotiations. Any resulting agreements proposed by the Foundation to LSU below shall be consistent with the LSU Energy System Modernization Goals as set forth in Exhibit A to this Intent to Lease Agreement, provided that the Foundation may recommend that LSU consider amending these Goals if it determines, by 2/3 vote of the Foundation Board, that doing so would be in LSU's best interests. In such case, the Foundation shall expressly describe its reason for making that recommendation.

I. *Pre-Development Agreement and LSU Board Approval.* At an appropriate stage of the Negotiations, the Foundation and the Finalist will prepare a Pre-Development Agreement (PDA) which will outline the key business principles which will be incorporated into the final project agreements. This PDA should include the expected term of the agreement, major financial terms (even if not yet in final, definitive form), the general outline of risks and benefits that each party will receive, the general scope of work to be done, and other relevant factors. The PDA will be subject to approval by the LSU Board of Supervisors prior to execution by the Foundation. After LSU Board Approval, the terms of the PDA shall govern the negotiations between the Foundation and the Finalist.

J. *Conflicts of Interest.* The Foundation will adopt, implement, and require strict adherence by its board, staff, and other participants in the Competitive Process described herein to a Conflicts of Interest Policy designed to avoid actual and perceived conflicts of interest as well as claims or charges of undue influence or favoritism. The Foundation may form any committees, subcommittees or working groups as may be necessary and appropriate for the efficient completion of their tasks; provided, however, that such committees, subcommittees, or working groups shall be advisory only and shall report to the Project Management Committee. All members of any such working groups or advisory committees will be subject to the Conflicts of Interest Policy referenced above. In particular, any individual who participates in the work of the Evaluation Subcommittee and the PMC, whether as a voting member of either, as an ex officio non-voting member of either, or as an individual participating in any way in the review of any proposals received as part of the Competitive Process shall be required to fully comply with the Conflicts of Interest Policy, including executing any required disclosure statements.

K. *Supplier Diversity Program.* The Foundation will align the Competitive Process with the goals of the LSU Supplier Diversity Program.

#### **4. Approvals**

A. Any proposed leases or other agreements for this LSU Utilities Modernization Initiative shall be subject to final review and approval by the LSU Board and any other agencies and governmental bodies required by law.

B. Although some of the agreements negotiated through this process may not include LSU as a party, no such agreements will be executed by any party until authorized or approved by the LSU Board, including the approval of the PDA described in section 3.I above, and will not become effective until approved by any other agencies required by law.

C. Notwithstanding any other provision of this Section 4, LSU or the Foundation may, with written approval from the LSU Representative, enter into agreements (i) to provide access to LSU or Foundation facilities and data to and consultants or participants or potential participants in the Competitive Process, including any subcontractors to any of them or (ii) to accomplish any other task reasonably necessary to facilitate the Competitive Process or Negotiations, such as the engagement of additional consultants, advisors, or legal representatives, that do not bind LSU to take any action for which approval of the President or Board of Supervisors would be required by the LSU Board Bylaws.

#### **5. Financial Responsibility**

It is intended that, if final agreements related to the Project with a private firm are executed, both LSU and the Foundation will receive reimbursement of all of their reasonable out-of-pocket expenses at that time, including but not limited to all of LSU's expenses relative to the engagement of the Project Advisory Team.

Should financial close of a deal with a selected private firm be suspended, materially delayed, or abandoned by LSU or the Foundation, LSU shall ensure that reasonable and necessary project-related expenses incurred by the Foundation with the written approval of LSU shall be reimbursed by LSU in a reasonable timeframe, not to exceed twelve months. For purposes of this provision, the project shall be deemed abandoned if no lease or other agreement between LSU and the Foundation for the project has been executed within 24 months from the effective date of this Agreement, unless otherwise agreed in writing by the Parties.

## **6. Transparency, Fairness, and Public Records**

A. *Fairness.* The Competitive Process described in Section 3 shall be conducted with the highest principles of honesty, integrity, and fairness. All decisions and recommendations made by the REFF Board, the PMC, and the Evaluation Subcommittee shall be based on the best interests of LSU and in accordance with the goals, principles, and established evaluation criteria for the LSU Utilities Modernization Initiative.

B. *Transparency.* REFF shall make periodic reports to the LSU Board of Supervisors updating them on the progress of the Competitive Process and the Negotiations. At a minimum, the following communications shall be made to the LSU Board: (i) upon issuance, REFF will report the text of the RFQ and the RFP and how the documents were advertised, made public, or otherwise promoted to potential industry participants; (ii) upon selection of the Semi-Finalists, REFF will report the names and other appropriate information of all firms that submitted responses to the RFQ and identify which three were selected as Semi-Finalists; (iii) upon selection of the Finalist and the commencement of detailed Negotiations, REFF will report the name of the Finalist and a summary of the key business components of their proposal; (iv) with submission of a proposed Pre-Development Agreement, REFF will report all appropriate details necessary for proper consideration and evaluation of the PDA by the LSU Board of Supervisors; and (v) with submission of the proposed final agreements for the Project, REFF will provide a final report providing additional detail relative to the Competitive Process and the Negotiations to provide the Board of Supervisors with a comprehensive understanding of the process and the reasoning behind REFF's recommendations to the Board, while providing appropriate protection for any confidential or proprietary information provided by any of private firms participating in the Competitive Process. Any reports provided for herein shall be submitted to LSU in writing and shall, of course, be considered public records of LSU, subject to any applicable exceptions in accordance with the Louisiana Public Records Law.

C. *Public Records.* The Competitive Process described in Section 3 above shall be a private process conducted by the Foundation in its capacity as a private non-profit entity pursuant to R.S. 17:3390. To that end, and to protect the fundamental fairness of the Competitive Process, the Foundation shall be solely responsible for maintaining custody and control of records related to the Competitive Process and the negotiation of any resulting leases and other related agreements for the Project, and those records shall not, therefore, be considered public records of LSU.

7. Other

A. This Intent to Lease Agreement is not a lease of land or building space to the Foundation and does not obligate either party to enter into any lease agreement with the other party. It does represent LSU’s intention for the Foundation to select and enter into negotiations with a private firm as described herein. If an acceptable agreement can be reached, LSU expects, but is not obligated, to enter into a lease or other appropriate agreement with the Foundation for the LSU Utilities Modernization Initiative, and simultaneously to approve a sublease of that area from the Foundation to the selected private firm.

B. The LSU Representative shall be the Executive Vice President for Finance and Administration / CFO or such other person designated in writing by the President of LSU.

**THUS DONE AND SIGNED**, on the dates indicated below and effective as of the Effective Date stated above.

**BOARD OF SUPERVISORS OF LOUISIANA  
STATE UNIVERSITY AND AGRICULTURAL  
AND MECHANICAL COLLEGE**

**LSU REAL ESTATE & FACILITES  
FOUNDATION**

By: \_\_\_\_\_  
Thomas J. Galligan, Interim President of LSU

By: \_\_\_\_\_  
Robert M. Stuart, Jr., Chair

Date: \_\_\_\_\_

Date: \_\_\_\_\_





# Louisiana State University

## Utilities System Overview and Asset Condition

September 2020



# An Ambitious Campus Master Plan

LSU's Campus Master Plan envisions the addition of over two million square feet over the next decade, tied largely to specific academic needs.

LSU completed a revised Campus Master Plan in 2017 to serve as a blueprint for future growth

The Master Plan supports the University mission, enhances the existing campus image, fosters a sense of physical unity, and provides a campus-wide level of organization for future expansion

**The implementation of this ambitious Campus Master Plan requires addressing the age and complexity of the utility system**



# Overview of the Utility System

LSU's utilities system performs a central function for LSU, providing heating, cooling, and electricity to University classrooms, offices, and labs.



## The Central Utility Plant

Utility infrastructure that produces electricity, steam, and chilled water. Refers both to the primary central plant at the southeast corner of the football stadium and a secondary chilled water plant, the Highland Plant.

- Combustion turbines are in fair condition with 10-25 years of remaining useful life
- While well maintained, most of the chiller fleet is aged and due for replacement
- The 6,000 ton gas turbine drive chiller is aged and is a redundancy issue
- The chilled water pumping system is overly complex and wastes significant amounts of energy
- The Cooling Tower system architecture does not allow for efficiency, flexibility or redundancy



## Distribution System

Approximately 9 miles of radial distribution pipes that are either directly buried or housed in utility tunnels that deliver steam and chilled water to the campus.

- Steam and chilled water distribution system experiences leaks and pipe bursts
- Remaining useful life varies, but chilled water distribution system has an age of 15-39 years, and steam distribution system has an age of approximately 70 years
- The chilled water distribution system has significant bottlenecks that increase pumping energy and make it difficult to move water to the primary end users
- The pumps within the condensate return system are in good condition, but condensate return rates are poor



## Building Mechanicals

Building HVAC system (including air handler fans, exhaust fans, chilled water pumps, and terminal HVAC equipment) and the lighting system that represents the "load side" of the utility system.

- Building mechanical systems range in condition and remaining useful life
- Recent facilities condition assessment revealed that approximately 1.5 million square feet of LSU building space features major building components that are in jeopardy of failure, resulting in widespread reliability issues
- Building Automation Sequences are not making use of energy conservation strategies, effectively forcing the central plant to install additional capacity

### Asset Overview

### Asset Condition

# Historic Asset Performance

As part of a recent current state assessment of the utilities infrastructure, utilities data was consolidated, collected, and evaluated to produce key performance metrics.



## GE Combustion Turbine

Between 2016-2018, the GE turbine has generated an annual average of 112,253 MWh of electricity, about 64% of the turbine's nameplate capacity.

Year	2016	2017	2018
<b>Electricity Generation (MWh)</b>	120,951	91,527	124,281



## Condensate Return and Chilled Water Distribution

Condensate return was recorded to average between 14% to 34% while chilled water system experience leakage rate is between 45,000 and 50,000 gallons per day.

Year	2016	2017	2018
<b>Average Condensate Return Rate (%)</b>	34%	19%	14%
<b>Chilled Water Leaks (average gallons/day)</b>	18,190	28,490	92,720



## Chiller System

Based on limited chilled water metering information, LSU's 2018 peak chilled water load was approximately 20,700 tons.

Year	2016	2017	2018
<b>Chilled Water Production (Ton-hours)</b>	71,313,233	78,007,745	89,352,862



## Steam Generation

Current peak load of 100,000 lbs./hour with 350,000 lbs./hour of generation capacity.

Year	2016	2017	2018
<b>Steam Production (M lbs.)</b>	819,076	823,624	834,031

# Challenges Associated with the Utility System

Over time, LSU's utility systems have become inefficient and costly to operate and maintain, and require modernization.

## LSU Central Plant



### Deferred Maintenance

- LSU has approximately \$200M in utilities system investment needs associated with its central utility plant and distribution system
- Approximately \$175M of those needs are related to assets which are at or near the end of their useful lives (within five years)
- The traditional State capital outlay process does not lend itself to funding these needs in an efficient or practical manner

### Lack of Redundancy

- Redundancy requirements are not currently being met for both steam and chilled water demand
- Without redundancy, an outage of specific assets (for example the Allison Chiller, the GE Gas Turbine, or Boiler 4) requires reactive maintenance and rental equipment to ensure the campus is properly heated and cooled

### Campus Master Plan Growth

- The implementation of LSU's Campus Master Plan includes a net two million square foot addition to the campus, partly to support building replacements and partly to support enrollment growth
- High functioning infrastructure and additional campus capacity are required to ensure that we meet the current capacity needs and that the additional square footage is adequately serviced with utilities



# Louisiana State University

## Utilities System Overview and Asset Condition

September 2020





# Louisiana State University

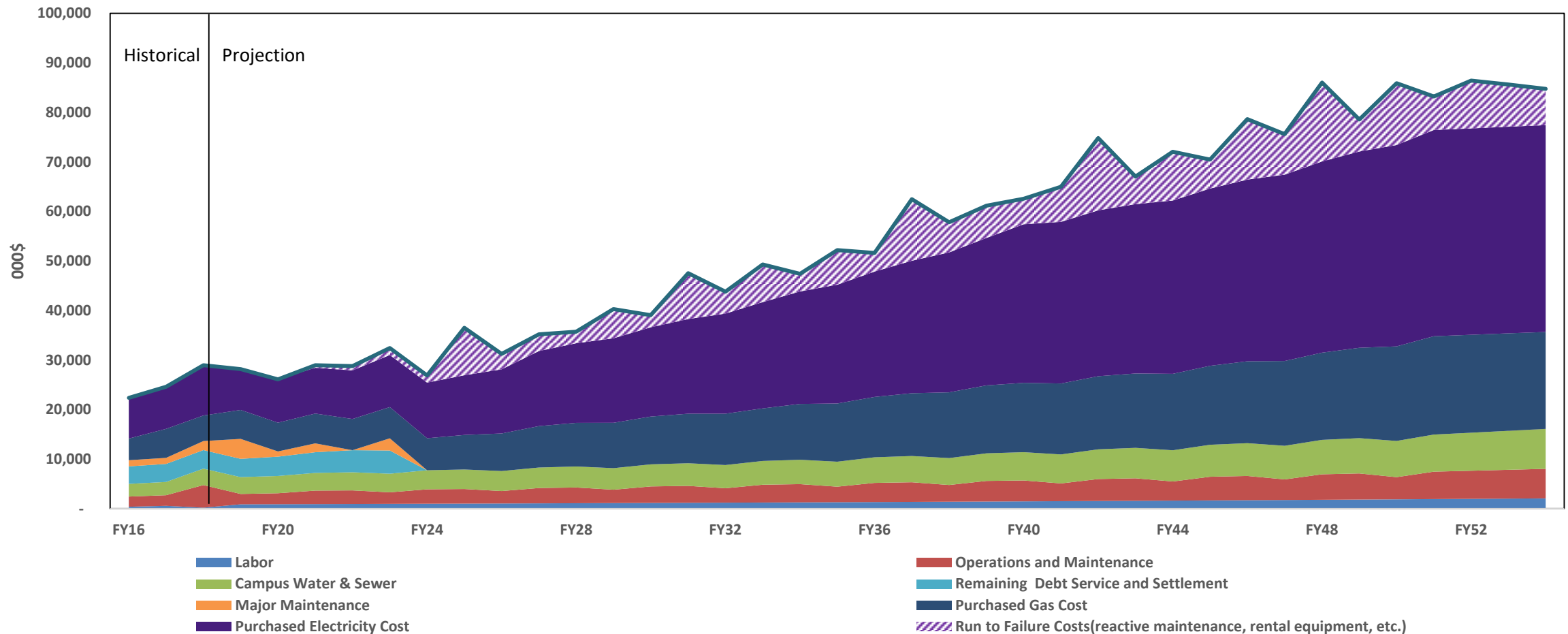
## Utilities Modernization Initiative – Process Update

September 2020



# Defining Current and Future Expenditure

As utility system assets begin to fail, LSU retains responsibility for major maintenance and equipment rental in lieu of asset replacement, causing long-term cost increases.



Note: Figures in graphic are net of charge-outs to LSU auxiliary departments. Represents net spend by LSU Facility and Property Oversight. Updated to include sewer and campus water costs which was not previously included.



# Future Investment in the Utility System

The University has developed three flexible phases of capital investment to allow LSU to continue to meet its heating, cooling, and energy needs.

## Short-Term Investment

Immediate asset needs within the utility system based on current deferred maintenance.

Steam and Electric Chiller Replacements

Cooling Tower Replacements

Boiler Re-Tubing

## Medium-Term Investment

Additive investments that focus on operational improvements and/or cost savings measures.

Chilled Water Pumping Optimization

Increased Cogeneration Output

Balancing of Steam between Equipment

Load Side Improvements

Building Retro-Commissioning

## Long-Term Investment

Full central plant and utility system modernization through capital investment over the next decade.

Modernized Cogeneration Plant

Chiller Plant and Distribution Loop Investment and Reconfiguration

Upgrades to Building HVAC and Energy Conservation Measures

# Goals for Utility System Modernization

LSU is seeking to modernize its Central Utility Plant and Utilities Infrastructure through a public private partnership at costs that are comparable to the University's anticipated cost without system modernization.



**Establish robust levels of service and increase budget certainty**

Implement a commercial delivery option that facilitates the modernization of the CUP, distribution system and building mechanicals while driving improved service levels at a defined cost



**Address deferred maintenance challenges for the utility system**

The condensate return, chilled water distribution system network, and building mechanicals are key sources of efficiency loss to LSU's system due to deferred maintenance



**Address LSU's increase in energy demands**

Select the optimal energy procurement/generation strategy that will enable LSU to meet its projected increase in energy demand and will offer LSU flexibility to meet its energy needs based on milestones within the Campus Master Plan



**Achieve operational efficiencies for the CUP**

Select optimal technology that enables LSU to realize additional cash-flow opportunities through improvements in operational efficiencies



**Ensure system resiliency and high-performance operations and maintenance services**

Strengthen resiliency and redundancy of CUP to ensure uninterrupted energy supply to campus during unexpected outages

# Through a P3 Delivery, LSU will Transfer and Mitigate Key Risks

LSU has analyzed the universe of risks associated with developing, operating, and maintaining improvements to the utility system to understand the value of a public private partnership.

**Project Design  
Risk**

**Project  
Construction Risk**

**Commodity  
Demand Risk**

**Delivery Capacity  
Risk**

**Operations and  
Maintenance Risk**

**Commercial Risk**

**Financial Delivery  
Risk**

**Project Governance  
and Partnership  
Risk**

# Defining the Procurement Process

LSU has developed a multi-stage procurement process for the Utilities Modernization Initiative which allows the University to (1) take advantage of market creativity, (2) drive competitive tension throughout the procurement, and (3) allow for flexibility in negotiating the final commercial terms.

## Request for Qualifications

LSU will issue a Request for Qualifications (RFQ) and receive responses from the market.

The RFQ offers market participants the opportunity to provide LSU with their experience and qualifications, as well as to offer creativity related to the commercial structure and technical solution.

**LSU will utilize the RFQ process to shortlist a select number of bidders to participate in the Request for Proposals process.**

## Industry Review / Request for Proposals

LSU will conduct a six month industry review period with the shortlisted bidders, followed by a final Request for Proposals (RFP).

The industry review period allows bidders to conduct due diligence on LSU's utility infrastructure and discuss key facets of the public private partnership commercial structure.

**At the conclusion of the industry review period, LSU will issue a final RFP. The RFP will include a detailed description of energy/utility infrastructure needs. LSU will review responses to the final RFP to determine a preferred bidder.**

## Negotiation

After conclusion of the RFP process, LSU will negotiate the final terms of the agreement with the preferred bidder.

The broad commercial structure will be determined during the industry review process in a competitive environment, reducing the amount of negotiation with the preferred bidder.

**At the conclusion of the negotiation stage, LSU and the preferred bidder will reach substantially final contractual terms.**

# Project Deal Structure

Similar to other public private partnerships delivered by LSU, the University intends to utilize a ground lease with the Real Estate and Facilities Foundation to procure and deliver the Project. LSU will have approval rights for the final transaction terms and ongoing approval rights related to transaction cost and performance.



## Ground Lease

LSU will lease the central utility plant and related utility infrastructure to the LSU Real Estate and Facilities Foundation (“REFF”) through a Ground Lease.

The Ground Lease will authorize REFF to enter into a Ground Sublease to cause the development, financing, and operations of the utilities system modernization.

## Cooperative Endeavor Agreement

The Ground Lease will include a Cooperative Endeavor Agreement, which will provide legal consideration for a transfer of funds to the REFF for its role in the Project.

## Ground Sublease

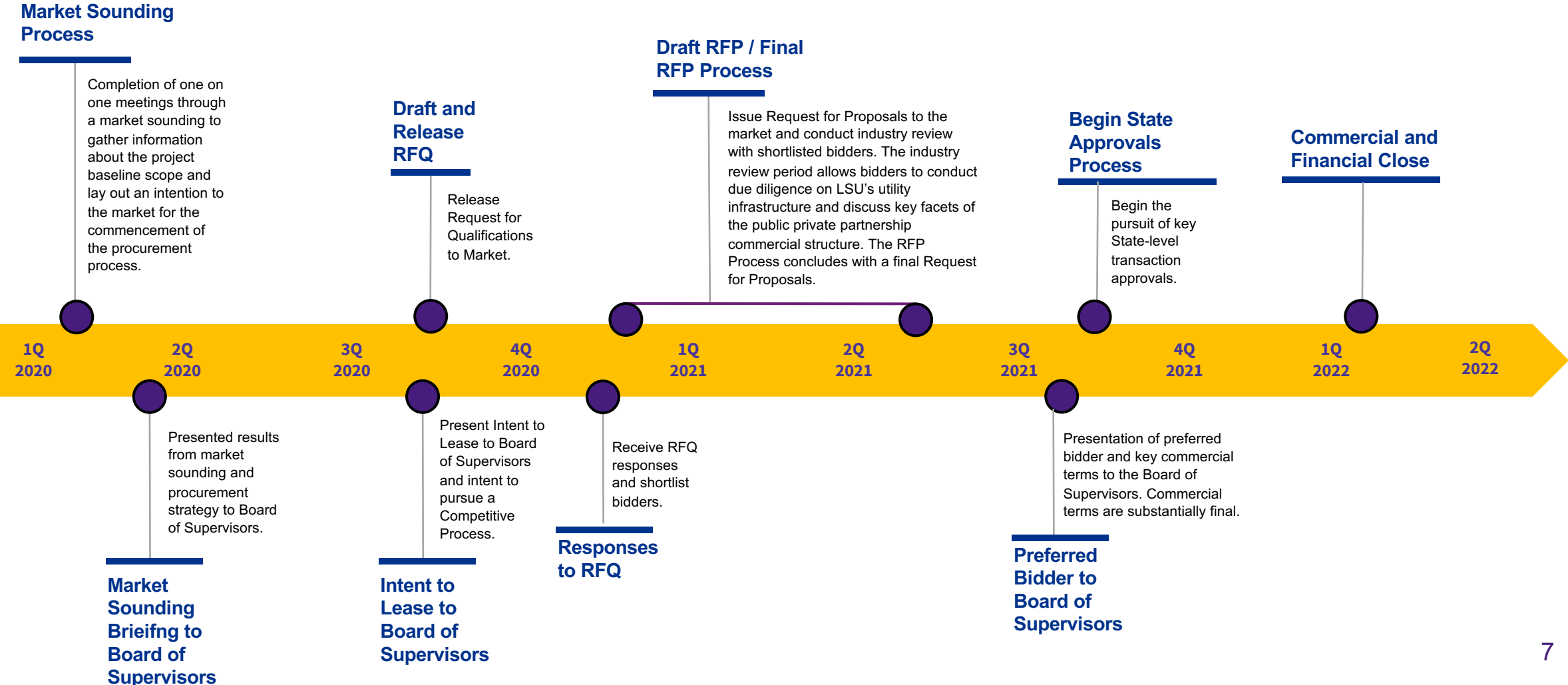
REFF will sublease the central utility plant and related utility infrastructure to the Private Counterparty (who will be chosen through the RFQ/RFP process).

The Ground Sublease will authorize the Private Counterparty to develop, finance, and operate/maintain the Project.

All the requirements from LSU in the Ground Lease will be carried into the Ground Sublease to ensure the Project is delivered per LSU’s development framework.

# Procurement Schedule

LSU has developed a procurement process and timeline for delivery of the Utilities Modernization Initiative.





# Louisiana State University

## Utilities Modernization Initiative – Process Update

September 2020



**Appendix IV: LSU Energy System Modernization Goals**

LSU has established five critical goals for the modernization of the utility system:

- 1. Establish robust levels of service and increased budget certainty:** Implementing a commercial delivery option that facilitates the modernization of the Central Utility Plant, distribution system, and building mechanicals while driving improved service levels at a defined cost
- 2. Address deferred maintenance challenges for the utility system:** The condensate return, chilled water distribution system network, and building mechanicals are key sources of efficiency loss to LSU's system due to deferred maintenance
- 3. Address LSU's anticipated increase in energy demands:** Select the optimal utilities and capital renewal strategy that will enable LSU to meet its projected increase in energy demand
- 4. Address operational efficiencies for the Central Utility Plant:** Select optimal technology that enables LSU to realize additional cash-flow opportunities through improvements in operational efficiencies
- 5. Ensure system resiliency and high-performance operations and maintenance services:** Strengthen resiliency and redundancy of the Central Utility Plant to ensure uninterrupted utilities supply to campus during unexpected outages





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## Board of Supervisors

### AFFILIATED ORGANIZATION OVERSIGHT COMMITTEE



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## Board of Supervisors

### Recommendation to Approve an Affiliation Agreement with the LSU Foundation

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1

- J. Any affiliation agreement with a private non-profit foundation formed to support the programs, facilities, and research and educational opportunities offered by one or more campuses of the University, or the University as a whole.

#### 2. Summary of Matter

At its March 6, 2020 meeting, the Board of Supervisors approved a new Uniform Affiliation Agreement (UAA) template. The affiliation agreement outlines the general duties and responsibilities of both the University and the Affiliate. The template approved in March made a number of revisions and edits to the agreement, including providing for a more transparent and straightforward procedure to monitor compliance with the terms of the agreement. The university is now recommending approval of affiliation agreements with existing affiliates in the new UAA template.

Exhibit E of the Affiliation Agreement with the LSU Foundation is a Development Services Agreement. This agreement outlines the Foundation's specific responsibilities supporting the development enterprise, including planning and executing comprehensive donor acquisition and fundraising programs, maintaining the sole comprehensive database of donors to the Foundation, flagship campus, LSU AgCenter, and LSU Alumni Association, and providing donor intelligence and research support for university leadership. Also as part of the Development Services Agreement, all salaries of individuals supporting the development enterprise will either be moved to the Foundation, or covered by Foundation payments to the university. The university currently budgets \$1.3 million in salary support for development services provided through the Foundation.

The Development Services Agreement also outlines the university's responsibilities. These include providing direct and indirect compensation to the LSU Foundation to support the development enterprise. For FY21, the university would provide \$3.2 million in direct compensation and \$2 million in indirect compensation related to the existing Nicholson Gateway ground lease. The \$3.2 million in direct compensation would replace an investment advisory fee (approximately \$2.5 million) and the salary support that the university currently provides. The new amount represents a net reduction in the total financial support provided by the university to the development enterprise of approximately \$600,000, or 10%.<sup>1</sup> The total amount of direct

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<sup>1</sup> The investment advisory services currently provided by the Foundation via contract will cease and the contract will be terminated effective October 31, 2020. Those services will be handled internally by the University effective November 1, 2020.

compensation paid to the Foundation in FY 2021 via the Development Services Agreement will be prorated from the effective date of this agreement.

The university retains the right to reduce or cease university support at any point should it determine that such action is in its best interests. Reduction or cessation of the university support shall not terminate the Affiliation Agreement.

### **3. Review of Business Plan**

Not Applicable

### **4. Fiscal Impact**

There is no additional fiscal impact expected from the amended Affiliation Agreement. The Development Services Agreement is expected to result in a net reduction of university financial support to the development enterprise of approximately \$600,000.

### **5. Description of Competitive Process**

Not Applicable

### **6. Review of Legal Documents**

Not Applicable

### **7. Parties of Interest**

LSU and the LSU Foundation.

### **8. Related Transactions**

Not Applicable

### **9. Conflicts of Interest**

None known.

### **10. Attachments**

1. Affiliation Agreement with the LSU Foundation

## **RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors authorizes the President to execute the affiliation agreement with the LSU Foundation, as presented, including the Development Services Agreement (Exhibit E to the Affiliation Agreement).

**BE IT FURTHER RESOLVED**, the President, in consultation with the General Counsel, may make refinements to the Development Services Agreement with the LSU Foundation as needed that are in the best interests of LSU prior to execution.

## Uniform Affiliation Agreement

This Agreement is made and entered into effective as of the 11th day of September, 2020, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (“University”) and LSU Foundation (“Affiliate”).

**WHEREAS**, as stated in La. R.S. 17:3390(A), the Legislature has found and University recognizes that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions;

**WHEREAS**, as further stated in La. R.S. 17:3390(A), the Legislature encourages higher education management boards and institutions to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education;

**WHEREAS**, after considering the proposed mission and purpose of Affiliate, University has determined that Affiliate’s activities will support or enhance one or more of the programs, facilities, research and educational opportunities offered by University;

**WHEREAS**, because of the close association of Affiliate with the University, it is prudent and beneficial to have a clear statement, agreed upon by the parties, of the respective responsibilities, requirements, authority, and relationship of the University and Affiliate while preserving the private and independent legal status of the Affiliate:

### 1. Affiliate Purpose and Status

- 1.1 Affiliate’s purpose(s) shall be as defined in the Affiliate’s Articles of Incorporation. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall likewise be consistent with the institutional mission and activities of University as defined by the University. In order to prevent the unnecessary duplication of activities among University affiliates, any proposed material change in Affiliate’s authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU’s Executive Vice President for Finance and Administration and CFO (“LSU Executive Vice President”) with a copy delivered to the Chair of the Board of Supervisors.
- 1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the LSU Executive Vice President of any proposed material change in Affiliate’s Articles of Incorporation or Bylaws.
- 1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been recognized as and shall maintain its status as an organization exempt from taxation under Section 501(c) of the Internal Revenue Code.
- 1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed as to invalidate or restrict Affiliate’s private and independent legal status.

## 2. Governance

- 2.1 To ensure that Affiliate's status as a private entity is recognized and maintained in accordance with La. R.S. 17:3390(B), Affiliate shall meet the following criteria:
  - 2.1.1 Affiliate shall be under the management and control of a board of directors ("Affiliate's Board") elected by the members or shareholders of Affiliate.
  - 2.1.2 A majority of the voting members of Affiliate's Board shall consist of individuals who are not members or employees of a Louisiana higher education management board; and,
  - 2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and other support furnished to Affiliate by any institution of higher education.
- 2.2 Members of Affiliate Boards
  - 2.2.1 The President of LSU, or his designee, shall be a non-voting *ex officio* member of Affiliate's Board and of the Executive Committee of such Board (or equivalent). To promote compliance with Affiliate's policy on conflicts of interest, and ensure that appropriate disclosures are made and facilitate an understanding of Affiliate's business, the President of LSU will provide Affiliate with reasonable advance notice identifying individuals designated to attend meetings in his place and will endeavor to utilize a single individual as his designee.
  - 2.2.2 The Chairman of the Board of Supervisors, in consultation with members of the Board of Supervisors and Chairman of the Affiliate Board, shall have the right to recommend a list of members of the Board of Supervisors as potential candidates to Affiliate for election to Affiliate's Board as non-voting members. Affiliate agrees that at all times, excluding instances associated with temporary vacancies created by death, resignation or similar causes, at least one member of its Board, shall be elected from the recommended candidates.
  - 2.2.3 Designation of the President of LSU (or his designee) and Affiliate's election of an individual nominated by the Chairman of the Board of Supervisors to serve as a member of Affiliate's Board and/or Executive Committee is not intended to and shall not be deemed a waiver of the privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390.
- 2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or equivalent shall, at a minimum, be given notice of and the ability to attend and participate as a non-voting, *ex officio* member in meetings of the Affiliate's Board and Executive Committee.
- 2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access to all books and records of Affiliate in accordance with its generally applicable confidentiality and non-disclosure policies, provided that members who are or may be deemed "public servants," as defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate's books and records. Requests for access to books and records shall be made via written request directed to Affiliate's Chief Executive Officer.

### **3. General Duties and Responsibilities of Affiliate**

- 3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate’s Articles of Incorporation and tax-exempt purpose.
- 3.2 Support and promote the mission and activities of the University.
- 3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of interest and ensure that Affiliate’s assets do not directly or indirectly unduly benefit any individual or other person.
- 3.4 Solicit and accept things of value of all kinds consistent with applicable law.
- 3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and bequests in accordance with donor intent, applicable law and applicable University and Affiliate policies and procedures.
- 3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses incidental to the conduct of the affairs of Affiliate.
- 3.7 Within 120 days following the close of Affiliate’s fiscal year, unless an extension is granted by the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A) and materials referenced therein, to the LSU Executive Vice President.
- 3.8 Subject to any limitations imposed by contracts among the University and third parties and applicable University policies, the Affiliate may be granted the right by University to utilize its “licensed marks” on a royalty free basis for its activities in support of LSU. Affiliate must adhere to the Louisiana State University Brand Identity.
- 3.9 University is an equal opportunity/access institution committed to diversity and inclusiveness in procurement. Affiliate is encouraged to reflect the spirit of this commitment in its business practices by: (a) participating in and encouraging major suppliers to participate in LSU sponsored outreach programs for small businesses as well as minority, women and veteran owned businesses (“DBEs”); (b) creating awareness among its suppliers that University and Affiliate encourage suppliers to make reasonable and prudent efforts to identify and provide competitive opportunities for participation by DBEs; and, (c) making reasonable and prudent efforts consistent with its unique needs as well as its fiduciary and good stewardship obligations, to identify and provide competitive opportunities for DBEs to participate in Affiliate’s procurement opportunities. To assist Affiliate in its efforts, the University will make the resources of its Supplier Diversity program, including but not limited to lists of registered DBE’s, personnel and information on best practices, available to Affiliate.

### **4. General Duties and Responsibilities of University**

- 4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of private funds to Affiliate;
- 4.2 Avoid action that would undermine Affiliate’s status as a private entity, maintain the confidentiality of donor records and the private nature of Affiliate’s books and records to the extent allowed by law;

- 4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by University and utilize funds received from Affiliate in a manner consistent with University's mission, terms and conditions imposed by testators and donors, applicable law, this Agreement and University policy; and,
- 4.4 Make available to Affiliate, at University's sole discretion, appropriate facilities, personnel, or other support pursuant to the provisions of La. R.S. 17:3390(B)(3) and as otherwise permitted by law.

## **5. Records, Internal Controls and Funds Management**

- 5.1 Recognizing the need to preserve the public trust and guard against the appearance of impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and appropriate policies, procedures and internal controls, including policies on conflicts of interest, required for the conduct of its business in accordance with applicable law, the terms of this Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations.
- 5.2 The books and records of Affiliate shall be kept in accordance with customary and current accounting standards. For the preparation of reports required by this section of this Agreement, an external accountant and/or auditor engaged to conduct such reports shall be selected from among the most recent list of certified public accountants maintained by the Louisiana Legislative Auditor.
- 5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy of this Agreement including all exhibits, schedules, and other attachments; (b) provide its auditors with access to all documents and other information relevant to this Agreement; (c) require Affiliate's chief executive officer to represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement; and, (d) rotate audit partners or firms at least every five years.
- 5.4 On a biennial basis, to commence in an Affiliate's fiscal year (commencing on or following execution of this Agreement by Affiliate) designated by the Executive Vice President, or on an annual basis if requested in writing by the LSU Executive Vice President for good cause shown, Affiliate shall separately engage an Independent Accountant (which may be the same firm conducting its financial statement audit) to perform various procedures necessary to issue an Agreed Upon Procedures report concerning items included in the Schedule of Agreed - Upon Procedures for Verification of Affiliate Compliance (Exhibit D).
- 5.5 Affiliate shall provide to the LSU Executive Vice President within 120 days of the close of Affiliate's fiscal year: (a) its audited financial statements; and (b) its Agreed Upon Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its independent auditors shall arrange to meet with representatives from the LSU Office of Internal Audit to review written findings and/or the Agreed Upon Procedures report.
- 5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and substantial audit findings. Material and substantial audit findings which have not either been



(a) resolved by management or, where appropriate, through corrective action within ninety (90) days following issuance of the annual audit, or (b) in cases where corrective action is appropriate, corrective action reasonably designed to resolve the issue has not been taken within ninety (90) days following issuance of the annual audit, shall be reported to the Audit Committee of the Board of Supervisors in writing.

- 5.7 Pursuant to a separate written Funds Management Agreement authorized and executed by University and Affiliate, University may in its discretion agree to deliver and Affiliate may agree to accept for deposit with Affiliate funds which have been donated to the University by private individuals or entities or which have been provided from the state to the University pursuant to the Board of Regents Support Fund or other programs.

## **6. Certain Disbursements and Other Transactions**

- 6.1 All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by Affiliate's Board and in accordance with its annual budget, as modified by policies and procedures adopted by Affiliate's Board. Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and shall address the content of this Agreement.
- 6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B, other than transactions and disbursements involving operational and business management matters of Affiliate itself, without first obtaining a determination of acceptable University purpose from the appropriate University authority.
- 6.3 No donation requiring a determination of acceptable University purpose shall be publicized or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the University's Board or President of LSU in accordance with University policies and procedures.
- 6.4 Requests for a determination of acceptable University purpose shall be submitted to the President of LSU or to the Board through the President as may be appropriate by the Chancellor (or equivalent) of the campus or institution for whose benefit the action is proposed, in accordance with the procedures set forth in University procedures. Any submission shall include a specific recommendation from the Chancellor or equivalent demonstrating that the proposed transaction is in support of the University and its mission.
- 6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent) and President (or designee), supplemental compensation or benefits to a University employee shall be paid through the University, not directly by Affiliate to the employee. For purposes of this section, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base university compensation and benefits approved by the Board of Supervisors for duties performed by the employee for the University.
- 6.6 To ensure compliance with La. R.S. 17:3390(F), payments of over one thousand (\$1,000) dollars for any single transaction to, or on behalf of, or to reimburse the expense of a public employee of a public higher education institution or a public employee or officer of a management board of a public higher education institution shall be periodically reviewed and

approved by the Board of Supervisors in accordance with applicable policies and procedures. Affiliate may pay or reimburse such transactions pending approval by the Board, provided that any such payments or reimbursements subsequently disapproved by the Board shall be reimbursed to the Affiliate by the public employee or officer within ninety (90) days of such disapproval.

## **7. Prohibited Expenditures, Advisory Opinions**

- 7.1 University, its employees and administrators shall not request the expenditure of funds and Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C either directly or through reimbursement.
- 7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or transaction, or the procedure by which such expenditure or transaction should be reviewed, the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from the President, through the LSU Executive Vice President. Where appropriate, the President may refer the question to the Board of Supervisors for a decision. The President may adopt guidelines to facilitate the provisions of this sub-section.

## **8. Funds Management Agreements/Commitment of University Funds**

- 8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or more agreements (“Funds Management Agreements”) with other affiliates of University (that is, other non-profit organizations which are recognized pursuant to University policy) so that one affiliate will manage the funds of another affiliate. In such event, the affiliate which is agreeing to manage the funds of the other affiliate shall be known as the “Funds Owner” while the affiliate transferring the funds shall be known as the “Funds Manager.”
- 8.2 Unless otherwise specifically provided for in the Funds Management Agreement, the Funds Manager shall have no internal control or audit responsibilities with respect to the Funds Owner; provided, however, that the Funds Manager shall cooperate with the Funds Owner’s management and auditors with respect to such matters.
- 8.3 Where Affiliate enters into a Funds Management Agreement with an organization that has not executed an Affiliation Agreement with University, such Funds Management Agreements shall:
  - 8.3.1 Require that the funds of the Funds Owner be included in either (a) the Funds Manager’s annual audit conducted pursuant to La. R.S. 17:3390 or, (b) if the Funds Manager is exempt from annual audit requirements pursuant to R.S. 17:3390, an exemption certificate and a sworn financial statement in accordance with La. R.S. 17:3390D(3)(a)-(c).
  - 8.3.2 Notify the Funds Owner of the requirements of La. R.S. 17:3390(D).
- 8.4 In connection with transactions requiring the commitment of material University resources (including the transfer of University funds), the Affiliate will enter into a written agreement outlining the structure or details of each specific transaction, excluding routine transactions;

the obligations of Affiliate, University, and any other parties; the public purpose to be achieved from such transaction; and, either a reasonable expectation that benefits to the University resulting from the transaction will equal or exceed the value of funds provided by the University or an affirmation that the value of the University funds committed to the transaction will be reimbursed, either directly or through in-kind services in accordance with the requirements of La. R.S. 17:3390(B)(3).

- 8.5 Upon written request from the LSU Executive Vice President, Affiliates that are exempt from annual audit requirements pursuant to La. R.S. 17:3390, may be required to submit a financial audit or agreed to procedures report acceptable to the University conducted in accordance with generally accepted auditing standards by an independent professional auditor or, at Affiliate's option, LSU Internal Audit personnel. In connection with any audit or agreed to procedures conducted pursuant to this section, Affiliate shall: (a) provide its auditors with a copy of this Agreement; (b) provide its auditors with access to all documents and other information relevant to this Agreement; and, (c) represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement.

## **9. Term and Termination**

- 9.1 This Agreement revises and replaces previous Affiliation Agreements between University and Affiliate. It shall take effect on the date first written above, and shall continue for a period of one year. Thereafter, it shall be automatically renewed and extended for additional one-year periods unless Affiliate gives notice to terminate pursuant to the provisions of section 9.2, or University gives notice to terminate pursuant to the provisions of section 9.3. The provisions of this section shall survive any such termination.
- 9.2 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, Affiliate may terminate this Agreement without cause by providing written notice to the University no less than six (6) months prior to the effective date of the termination.
- 9.3 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, University may terminate this Agreement for cause in the event of:
- 9.3.1 Affiliate commits a material and substantial violation of the terms of this Agreement and fails to cure such violation after being provided with at least 30 days' notice of such violation,
  - 9.3.2 Affiliate engages in or negligently allows: (a) any material and substantial misuse of Affiliate's funds, or (b) any fraudulent or other illegal activity,
  - 9.3.3 the commencement of a voluntary bankruptcy proceeding by Affiliate or the commencement of an involuntary bankruptcy proceeding against Affiliate that is not dismissed within 120 days,
  - 9.3.4 the commencement of a voluntary dissolution proceeding by Affiliate or an involuntary dissolution proceeding against Affiliate that is not dismissed within 120 days,

- 9.3.5 a transfer of the campus, institution or program supported by Affiliate to another higher education management board,
  - 9.3.6 elimination or modification of programs offered by University such that Affiliate is no longer deemed necessary to the University's mission or the Affiliate is no longer able to achieve its purpose(s), or
  - 9.3.7 the occurrence of any other material event or circumstance similar in nature to those described in subsections 9.3.1-9.3.6 which, in the reasonable judgment of the University, constitutes cause and remains uncured following thirty (30) days' notice to Affiliate.
- 9.4 Upon termination of this Agreement, Affiliate shall:
- 9.4.1 Cease to use the University's name, marks or other indicia to solicit donations or for any other purpose and shall not in any way represent to alumni, contributors, and the general public that said Affiliate is affiliated with the University or authorized to raise funds for any of the colleges, schools, departments, and divisions comprising it;
  - 9.4.2 Unless otherwise directed in writing by the University or unless otherwise required pursuant to the terms of applicable law, immediately transfer to University or another affiliate designated by University, all public funds which Affiliate holds as a depository pursuant to the provisions of section 8.0;
  - 9.4.3 Terminate any Management Agreements entered into with other University affiliates in accordance with the terms of Section 8 of this Agreement and immediately return any managed funds to the appropriate Managed Affiliate(s); and,
  - 9.4.4 Provide an accounting to University of all funds, public or private, held by Affiliate within 120 days of notice of termination unless extended in writing by mutual agreement.
- 9.5 If the Affiliate's purpose is in primary support of a single campus or institution, and the necessity for termination of this Agreement results from the transfer of the supported campus or institution to another public higher education management board ("Transferee Institution"), to the extent consistent with applicable law and prudent financial management practices, the applicable provisions of any legislation authorizing transfer of the supported campus or institution and compliance with sections 9.4.1 through 9.4.4 of this Agreement, Affiliate may effect the termination of this agreement to the extent it enters into an affiliation agreement with the Transferee Institution providing for Affiliate's ability to continue its mission of supporting the same campus or institution subject to oversight by the Transferee Institution. Preceding the transfer, there shall be a review to determine whether there is any adverse impact on the University. In the event that Affiliate enters into an affiliation agreement with a Transferee Institution pursuant to the terms of this Section, the Transferee Institution and Affiliate shall agree to indemnify, defend and hold harmless University, its members, employees and agents from and against any and all claims and liabilities associated with or in any way arising out of University's association with Affiliate and Affiliate's actions or inactions (whether past, present or future).
- 9.6 Upon dissolution of Affiliate, whether dissolution is voluntary or involuntary, subject to compliance with sections 9.4 – 9.5 of this Agreement, applicable laws and Affiliate's Articles of Incorporation and other governing documents, Affiliate shall provide for its net assets to be distributed to another nonprofit affiliated with the University as designated by the

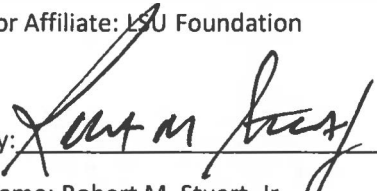
President of LSU, unless otherwise agreed by the University and Affiliate or directed by a court of competent jurisdiction and venue, to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate's governing documents, purposes and applicable law. This paragraph shall not prejudice the rights of creditors including, without limitation, any properly approved, valid, and enforceable financing agreements executed by Affiliate.

**10. Notices, Entire Agreement, Venue**

- 10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.
- 10.2 This Agreement, including all exhibits, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.
- 10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.
- 10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

**THUS DONE AND SIGNED** on the indicated dates by the undersigned duly authorized representatives.

For Affiliate: LSU Foundation

By:   
Name: Robert M. Stuart, Jr.  
Title: President and Chief Executive Officer

Date: 9/03/2020

For University:

By: \_\_\_\_\_  
Name: Thomas C. Galligan, Jr.  
Title: President

Date: \_\_\_\_\_

**EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT**  
**ANNUAL AFFILIATE COMPLIANCE CERTIFICATE**

Date \_\_\_\_\_

LSU Board of Supervisors

Attn: \_\_\_\_\_

Baton Rouge, Louisiana

Re: \_\_\_\_\_ (“Organization”)

Annual Compliance Certificate

Members of the LSU Board of Supervisors:

In my capacity as the Chief Executive Officer (or other authorized officer) of \_\_\_\_\_, I am writing to confirm that *after making reasonable and appropriate inquiries, to the best of my knowledge, information and belief*, the following information is true and correct as of the date of this letter:

1. The Organization is required to obtain an annual financial audit in accordance with La. R.S. 17:3390. The annual financial audit for the fiscal year ending \_\_\_\_\_, conducted by an independent auditor, has been completed and a copy was provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

**OR**

The Organization is exempt from the annual audit requirements of La. R.S. 17:3390, and copies of the Organization’s exemption certificate and sworn financial statement prepared in accordance with La. R.S. 17:3390D(3)(a)-(c), were provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

2. The Organization’s annual tax return for the \_\_\_\_ tax year was completed and filed with IRS on \_\_\_\_\_ and a copy was delivered to your office by letter dated \_\_\_\_\_;

**OR IF APPLICABLE**

The Organization has requested an extension through \_\_\_\_\_ within which to file its annual tax return for the \_\_\_\_\_ tax year, and a copy of the return will be provided to your office upon filing;

3. A complete list of all active corporate affiliates and subsidiaries of the Organization as of this date and the purpose for which such entities have been formed is attached to this certificate as Schedule “1”;

4. A complete list of all “managed organizations” as defined in the Uniform Affiliation Agreement, managed by the Organization is attached to this certificate as Schedule “2”;
5. A current list of the Organization’s officers and directors is attached to this certificate as Schedule “3”;
6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies of any proposed amendments have been provided to the Executive Vice President;
7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from taxation in accordance with Sections \_\_\_\_\_ of the Internal Revenue Code;
8. The Organization has taken all necessary action, including any filings required by the Louisiana Secretary of State and other authorities, to maintain its corporate existence and its tax-exempt status;
9. A preliminary list, which is subject to confirmation by your office, showing the type of any housing, personnel, and other support provided to Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S. 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii) number of personnel provided, and (iii) a listing of the type of any other services provided to Affiliate by University is attached to this certificate as Schedule “4”;
10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) subject to confirmation by your office, our records indicate that the total amount paid in cash to University as direct reimbursement for housing, personnel and other support was \$\_\_\_\_\_, and (ii) subject to confirmation by your office, our records indicate that the total dollar value of all property provided to the University together with all expenditures made in support of the University (exclusive of costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall be considered “in-kind” reimbursement for purposes of La. R.S. 17:3390(b)(3), was \$\_\_\_\_\_;
11. The Organization maintains and enforces a policy on conflicts of interest as well as other policies procedures and internal controls required for the conduct of its business in accordance with applicable law, the terms of the Affiliation Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations;
12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice President, the Organization has not engaged in any prohibited transactions or made any prohibited expenditures over the last fiscal year;
13. Except as previously disclosed in writing to the Audit Committee of the Board of Supervisors, the Organization resolved or will resolve any material and substantial audit findings within

90 days of the issuance of its annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14. The Organization has provided a copy of its current Affiliation Agreement and access to all documents and other information relevant to the Affiliation Agreement to its independent auditors, if applicable, for use in the evaluation of our internal controls and determining compliance with the Affiliation Agreement in connection with transactions reviewed by the auditors in the course of their work. The Organization has represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement; and,
15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was provided to your office by letter dated \_\_\_\_\_.

Sincerely,

\_\_\_\_\_

Name:

Title:



**Schedule 1 to Annual Affiliate Compliance Certificate**  
**List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 2 to Annual Affiliate Compliance Certificate**  
**List of "Managed Organizations"**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 3 to Annual Affiliate Compliance Certificate**  
**List of "Affiliate's Officers and Directors"**

**Schedule 4 to Annual Affiliate Compliance Certificate**  
**List of Housing, Personnel, and Other Support Provided to Affiliate by University**

**Schedule 5 to Annual Affiliate Compliance Certificate**  
**List of Support Provided by Affiliate to the University**

**EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT**  
**TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE**

1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall not undertake the following transactions and disbursements without first obtaining a determination of acceptable University purpose by the President or his designee unless (i) approval by the University's Board is required by the Board's by-laws or applicable law, or (ii) the President, in the exercise of his discretion determines that consideration of the matter at issue by the University's Board is appropriate:
  - A. Knowingly accepting any donation which either: contains a condition or imposes or purports to impose an obligation on the University, the fulfillment of which would require the University to undertake actions not previously taken or approvals not previously granted by the University in accordance with applicable policies and procedures without an express written provision indicating that the acceptance by Affiliate is conditioned on the acceptance of the conditions or obligations by the University's Board or President in accordance with University policies and procedures and the terms of this Agreement;
  - B. Accepting any donation of immovable property intended to be (a) retained by the Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or otherwise occupied by a component of the University;
  - C. Purchasing any immovable property with a fair market value of \$500,000 or more, except property which will serve as the primary location of Affiliate's administrative offices; provided that this shall not prohibit decisions by Affiliate's Board relating to reasonable and prudent investments for the Affiliate's benefit;
  - D. Selling, donating, or otherwise transferring any immovable property which was acquired for use by the University, without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - E. Leasing any immovable property, facility, or portion of a facility which is expected to be occupied by the University for a period of one year or longer without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - F. Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity; and,
  - G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least thirty (30) days advance written notice (unless a shorter period for the notice is approved in writing by the Executive Vice President) to the LSU Executive Vice President. If any such legal entities are created, affiliate shall either: (i) if available, present the financial activities of each such subsidiary in discrete schedules attached to Affiliate's financial statements, or (ii) if such discrete schedules are not available, provide University with copies of the tax returns of each such subsidiary.
  
2. The following disbursements and transactions require approval in accordance with policies and procedures mutually agreed to by University and Affiliate:
  - A. Reasonable moving expenses and reasonable relocation expenses of a University employee covered by PM 13; and,

B. Reasonable travel, moving, relocation, entertainment, educational benefits or reimbursements may be paid to a University employee (or authorized traveler). Such payments may be made for such expenses within and above state limits when specifically approved by appropriate University administrators in accordance with University policy. Pending further specification of University policy, such expenses require approval of the employee's dean, vice chancellor or other equivalent administrative official, or their designee.

3. Contracts (or other agreements, including employment agreements) and subsequent amendments between Affiliate and a University employee should be recommended by the Chancellor (or equivalent) and approved in accordance with University policy, including approval by the Board of Supervisors, where applicable. Justification for such contracts should be in writing and demonstrate that the employee's duties are not those which the employee should perform directly for the University. These requirements shall be in addition to those of University's PM-11.

**EXHIBIT C TO UNIFORM AFFILIATION AGREEMENT**  
**PROHIBITED EXPENDITURES**

1. Submission of a written request for reimbursement or direct payment of an expense by or on behalf of a University employee shall constitute a **good faith** representation by University employees and administrators whose signatures appear on such request that (a) the Affiliate's expenditure of funds as requested is consistent with applicable University policies, applicable law and the terms of this Agreement, and (b) where expenditures involve the disbursement of donor restricted funds, that the **purpose for which the expenditure has been requested** is consistent with donor intent. For purposes of evaluating Affiliate's compliance with the terms of this Agreement, Affiliate may **reasonably** rely upon such representations.<sup>1</sup>
  
2. University, its employees and administrators shall not request the expenditure of funds, and Affiliate shall not expend funds for any of the following purposes, either directly or through reimbursement:
  - A. Solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business), unless approved in accordance with section 2 of Exhibit B and section 6.3 of the Agreement;
  - B. For any fines, penalties, or forfeitures of a University employee;
  - C. For any gift which is represented to be personally from a University employee in his or her personal capacity;
  - D. For political contributions, including payments to political action committees;
  - E. For any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion that the expenditure is either (i) lavish or extravagant, or (ii) the benefit to the individual University employee outweighs the benefit to the University;
  - F. Where payment of the expenditure would violate the Louisiana Code of Ethics;
  - G. For any purpose other than as authorized in the Agreement or through written amendment or clarification of this Agreement signed by both Affiliate and the President of University, except on the specific written recommendation of the Chancellor or equivalent (for himself/herself and those under his/her supervision) and specific written approval of the President;
  - H. For any purpose which is not consistent with Affiliate's tax exempt mission and the purpose(s) stated in section 1.1 of the Agreement.
  - I. Any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

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<sup>1</sup> The concept of "reasonable reliance" as applied to Affiliate's review of requests for expenditures submitted by the University or University personnel permits Affiliate to rely on an implied representation that such requests are consistent with University policies and procedures and the terms of this Agreement, except where, for example: (a) Affiliate has knowledge of facts indicating that representations implied in the request are not accurate, or (b) necessary documentation has not been submitted to support the request, or (c) documentation submitted in connection with the request is incomplete, inconsistent or inaccurate on its face.

**EXHIBIT D TO UNIFORM AFFILIATION AGREEMENT**  
**SCHEDULE OF AGREED-UPON PROCEDURES**  
**For**  
**AFFILIATE VERIFICATION OF COMPLIANCE**  
**WITH UNIFORM AFFILIATION AGREEMENT**

Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report regarding findings based on the following:

1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy. The policy shall require that any unresolved issues be reported to the Audit Committee of the LSU Board of Supervisors consistent with Sub-section 5.6.
2. Confirm that Affiliate's governing board has established and implemented policies governing conflicts of interest by observing a copy of such policy.
3. Obtain an understanding of the internal controls in place over cash disbursements and expenditures for the period in question. On a sample of items, inspect written evidence of the internal controls and support for each transaction to determine if Affiliate has designed and implemented procedures related to the following UAA provisions:
  - Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid directly to a University employee has written approval by the Chancellor or equivalent and the President of LSU.
  - Payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee's dean, vice chancellor, or other equivalent administrative official approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments for moving and relocation expenses of University employees covered by PM 13 have been approved in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.
  - Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.

- Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.
- Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.
- Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.
- Funds have been not disbursed for any purpose which is not consistent with Affiliate's tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.
- Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

The proposed sample size will be provided to the LSU Executive Vice President for review and comment at least 15 days prior to the engagement. Unless otherwise mutually agreed to by Affiliate and the Executive Vice President for good cause shown, the sample size shall not exceed the fewer of 10% of Affiliate's annual transactions or 50 transactions.

4. Obtain a written representation from the Affiliate that, in accordance with Section 5.3 of the UAA, Affiliate has (a) provided the Auditor with a copy of its current UAA including any amendments thereto; (b) provided the Auditor with access to all documents and other information relevant to the UAA; and, (c) represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the UAA.

**EXHIBIT E TO UNIFORM AFFILIATION AGREEMENT  
DEVELOPMENT SERVICES AGREEMENT**

WHEREAS, the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (“University”) and the LSU Foundation (“Foundation”) have entered into a Uniform Affiliation Agreement (“UAA”) effective September 11, 2020;

WHEREAS, under La. R.S. 17:3390, the Louisiana legislature has recognized the benefits provided by foundations that raise private funds for support of public institutions of higher education, and encouraged institutions to promote such activities, including providing direct or in-kind services such as housing, personnel, and other support;

WHEREAS, the UAA recognizes the Foundation’s status under La. R.S. 17:3390, and provides for an Annual Affiliate Compliance Certificate showing all support provided by the University to the Foundation, and support provided by the Foundation to the University in turn, in accordance with the reimbursement requirements of La. R.S. 17:3390;

WHEREAS, based on historical performance the University has a reasonable expectation of receiving a commensurate benefit in return for the support it provides to the Foundation, in the form of private funds supporting the university; and

WHEREAS, to provide transparency and accountability the parties desire to outline their mutual financial obligations and expectations on an annual basis in this Development Services Agreement (“Agreement”);

IT IS HEREBY AGREED, effective November 1, 2020:

A. Foundation responsibilities shall include:

1. Plan and execute comprehensive donor acquisition and fundraising programs in support of the University and its priorities, including through campaigns, annual giving; mid-level, major, and principal gifts; industry engagement; planned giving; donor relations; information services; bio and gift records; research and prospect development; communications and marketing; talent management; legal services; and financial services;
2. Support planning and execution of selected university-wide events focused on donor stewardship and retention, such as regional events engaging key donors and prospects and athletic-related events engaging key donors and prospects;
3. Accept, process, and acknowledge Foundation gifts and charitable sponsorships;
4. Steward gifts received by the Foundation, lead donor relations efforts that advance donor cultivation, ensure that donor intent is clearly defined, and provide data and guidance to support University compliance with donor intent;
5. Administer and invest private funds received by the Foundation, and other funds received under Funds Management Agreements;
6. Disburse spendable funds as requested by the beneficiary unit, in compliance with law and donor intent;
7. Manage in-kind donations held by the Foundation;
8. Serve as the sole comprehensive database for LSU alumni, parents, friends, and donors to the Foundation, flagship campus, LSU AgCenter, and LSU Alumni Association. Maintain and enrich

said data through appends, data acquisition, and best practice policy, and provide limited access to Affiliates for the purpose of fulfilling their missions in support of the University.

9. Provide comprehensive donor intelligence and research support for University leadership.
10. Provide subject matter expertise related to LSU's scholarship software implementation and management, including by maintaining new scholarships and regularly evaluating and updating existing scholarships. Train University staff on software as needed and provide subject matter expertise on scholarship accounts;
11. Provide administrative support to the LSU Real Estate and Facilities Foundation ("REFF") facilitating acquisition, development, and management of University facilities and infrastructure (subject to reimbursement by REFF);
12. Employ personnel and retain contractors as needed to provide the above services;
13. Provide office space, equipment, and supplies as needed to support the above services provided by the Foundation employees based in the Center for Philanthropy;
14. Provide salary supplements for certain LSU employees engaged in the development enterprise (three full-time equivalents as of November 1, 2020, recognizing the intent of the University and the Foundation to continue transitioning to Foundation employment of all) and
15. Fundraising for the benefit of the University in an amount commensurate with and justifying the continuing University support received.

B. University responsibilities shall include:

1. Determine philanthropic and strategic priorities, and regularly communicate those to the Foundation;
2. Through the University President and senior administrators, collaborate with and assist the Foundation to steward donors, and to identify, cultivate, and solicit prospective donors; and
3. Support the development enterprise, sharing the costs for development officers assigned to serve University units and providing fair and reasonable compensation ("University Support") for the support services provided by the Foundation. For fiscal year 2021, such University Support will include:
  - a. Direct compensation: \$3,200,000<sup>1</sup>
  - b. Indirect compensation:
    - i. Nicholson Gateway ground lease rent: \$2,000,000
  - c. In-kind support:
    - i. On-campus office space, equipment, and supplies as needed to support the above services provided by Foundation employees based in campus colleges and units;
    - ii. View access to mainframe system applications (e.g., General Ledger System, Chart of Accounts, Accounts Payable System, and FMS);
    - iii. View access to Workday;
    - iv. Intra-campus mail delivery; and
    - v. Travel and related costs for development personnel paid from Foundation beneficiary funds

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<sup>1</sup> The direct compensation shall be paid by the University in quarterly increments upon receipt of an invoice from the Foundation. The total amount of direct compensation paid in FY 2021 shall be prorated from the effective date of this Agreement.



C. Mutual acknowledgements and responsibilities:

1. The University and the Foundation shall regularly communicate on strategic, financial, and operational matters of mutual interest.
2. The University and the Foundation commit to provide timely notification to the other party on any matter that would have a material impact on the ability of either party to fulfill their responsibilities as outlined in Sections A. and B. above.

D. Term of Agreement; Annual Budget:

1. The term of this Agreement shall be concurrent with the term of the UAA.
2. This Agreement shall be subject to all provisions of the UAA. Requested direct support shall be agreed upon prior to the beginning of each fiscal year. No later than May 15th, the Foundation shall present to the LSU Executive Vice President a budget plan for the succeeding fiscal year, including an operating statement and other information supporting the request.

E. Reduction or Cessation of University Support

1. The University shall, at its sole discretion, retain the right to reduce or cease University Support at any point should it determine that such action is in its best interests financially or otherwise.
2. Written notification of reduction or cessation of University Support (“Notification”) shall be provided by the University to the Foundation no less than sixty (60) days prior to such reduction or cessation of support.
3. Reduction or cessation of University Support shall not be considered termination of the UAA.

**THUS DONE AND SIGNED** on the indicated dates by the undersigned duly authorized representatives.

For Foundation:

For University:

By: \_\_\_\_\_

By: \_\_\_\_\_

Robert M. Stuart Jr.  
President and Chief Executive Officer

Thomas C. Galligan Jr.  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_



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## Board of Supervisors

### Recommendation to Approve an Affiliation Agreement with the LSU Alumni Association

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1

- J. Any affiliation agreement with a private non-profit foundation formed to support the programs, facilities, and research and educational opportunities offered by one or more campuses of the University, or the University as a whole.

#### 2. Summary of Matter

At its March 6, 2020 meeting, the Board of Supervisors approved a new Uniform Affiliation Agreement (UAA) template. The affiliation agreement outlines the general duties and responsibilities of both the University and the Affiliate. The template approved in March made a number of revisions and edits to the agreement, including providing for a more transparent and straightforward procedure to monitor compliance with the terms of the agreement. The university is now recommending approval of affiliation agreements with existing affiliates in the new UAA template.

#### 3. Review of Business Plan

Not Applicable

#### 4. Fiscal Impact

There is no fiscal impact expected from the amended Affiliation Agreement.

#### 5. Description of Competitive Process

Not Applicable

#### 6. Review of Legal Documents

Not Applicable

#### 7. Parties of Interest

LSU and the LSU Alumni Association.

#### 8. Related Transactions

Not Applicable

**9. Conflicts of Interest**

None.

**10. Attachments**

1. Affiliation Agreement with the LSU Alumni Association

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors authorizes the President to execute the affiliation agreement with the LSU Alumni Association, as presented.

**Uniform Affiliation Agreement**

This Agreement is made and entered into on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College ("University") and \_\_\_\_\_ ("Affiliate").

**WHEREAS**, as stated in La. R.S. 17:3390(A), the Legislature has found and University recognizes that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions;

**WHEREAS**, as further stated in La. R.S. 17:3390(A), the Legislature encourages higher education management boards and institutions to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education;

**WHEREAS**, after considering the proposed mission and purpose of Affiliate, University has determined that Affiliate's activities will support or enhance one or more of the programs, facilities, research and educational opportunities offered by University;

**WHEREAS**, because of the close association of Affiliate with the University, it is prudent and beneficial to have a clear statement, agreed upon by the parties, of the respective responsibilities, requirements, authority, and relationship of the University and Affiliate while preserving the private and independent legal status of the Affiliate:

**1. Affiliate Purpose and Status**

- 1.1 Affiliate's purpose(s) shall be as defined in the Affiliate's Articles of Incorporation. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall likewise be consistent with the institutional mission and activities of University as defined by the University. In order to prevent the unnecessary duplication of activities among University affiliates, any proposed material change in Affiliate's authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU's Executive Vice President for Finance and Administration and CFO ("LSU Executive Vice President") with a copy delivered to the Chair of the Board of Supervisors.
- 1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the LSU Executive Vice President of any proposed material change in Affiliate's Articles of Incorporation or Bylaws.
- 1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been recognized as and shall maintain its status as an organization exempt from taxation under Section 501(c) of the Internal Revenue Code.
- 1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed as to invalidate or restrict Affiliate's private and independent legal status.

## 2. Governance

- 2.1 To ensure that Affiliate's status as a private entity is recognized and maintained in accordance with La. R.S. 17:3390(B), Affiliate shall meet the following criteria:
  - 2.1.1 Affiliate shall be under the management and control of a board of directors ("Affiliate's Board") elected by the members or shareholders of Affiliate.
  - 2.1.2 A majority of the voting members of Affiliate's Board shall consist of individuals who are not members or employees of a Louisiana higher education management board; and,
  - 2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and other support furnished to Affiliate by any institution of higher education.
- 2.2 Members of Affiliate Boards
  - 2.2.1 The President of LSU, or his designee, shall be a non-voting *ex officio* member of Affiliate's Board and of the Executive Committee of such Board (or equivalent). To promote compliance with Affiliate's policy on conflicts of interest, and ensure that appropriate disclosures are made and facilitate an understanding of Affiliate's business, the President of LSU will provide Affiliate with reasonable advance notice identifying individuals designated to attend meetings in his place and will endeavor to utilize a single individual as his designee.
  - 2.2.2 The Chairman of the Board of Supervisors, in consultation with members of the Board of Supervisors and Chairman of the Affiliate Board, shall have the right to recommend a list of members of the Board of Supervisors as potential candidates to Affiliate for election to Affiliate's Board as non-voting members. Affiliate agrees that at all times, excluding instances associated with temporary vacancies created by death, resignation or similar causes, at least one member of its Board, shall be elected from the recommended candidates.
  - 2.2.3 Designation of the President of LSU (or his designee) and Affiliate's election of an individual nominated by the Chairman of the Board of Supervisors to serve as a member of Affiliate's Board and/or Executive Committee is not intended to and shall not be deemed a waiver of the privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390.
- 2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or equivalent shall, at a minimum, be given notice of and the ability to attend and participate as a non-voting, *ex officio* member in meetings of the Affiliate's Board and Executive Committee.
- 2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access to all books and records of Affiliate in accordance with its generally applicable confidentiality and non-disclosure policies, provided that members who are or may be deemed "public servants," as defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate's books and records. Requests for access to books and records shall be made via written request directed to Affiliate's Chief Executive Officer.

### **3. General Duties and Responsibilities of Affiliate**

- 3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate's Articles of Incorporation and tax-exempt purpose.
- 3.2 Support and promote the mission and activities of the University.
- 3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of interest and ensure that Affiliate's assets do not directly or indirectly unduly benefit any individual or other person.
- 3.4 Solicit and accept things of value of all kinds consistent with applicable law.
- 3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and bequests in accordance with donor intent, applicable law and applicable University and Affiliate policies and procedures.
- 3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses incidental to the conduct of the affairs of Affiliate.
- 3.7 Within 120 days following the close of Affiliate's fiscal year, unless an extension is granted by the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A) and materials referenced therein, to the LSU Executive Vice President.
- 3.8 Subject to any limitations imposed by contracts among the University and third parties and applicable University policies, the Affiliate may be granted the right by University to utilize its "licensed marks" on a royalty free basis for its activities in support of LSU. Affiliate must adhere to the Louisiana State University Brand Identity.
- 3.9 University is an equal opportunity/access institution committed to diversity and inclusiveness in procurement. Affiliate is encouraged to reflect the spirit of this commitment in its business practices by: (a) participating in and encouraging major suppliers to participate in LSU sponsored outreach programs for small businesses as well as minority, women and veteran owned businesses ("DBEs"); (b) creating awareness among its suppliers that University and Affiliate encourage suppliers to make reasonable and prudent efforts to identify and provide competitive opportunities for participation by DBEs; and, (c) making reasonable and prudent efforts consistent with its unique needs as well as its fiduciary and good stewardship obligations, to identify and provide competitive opportunities for DBEs to participate in Affiliate's procurement opportunities. To assist Affiliate in its efforts, the University will make the resources of its Supplier Diversity program, including but not limited to lists of registered DBE's, personnel and information on best practices, available to Affiliate.

### **4. General Duties and Responsibilities of University**

- 4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of private funds to Affiliate;
- 4.2 Avoid action that would undermine Affiliate's status as a private entity, maintain the confidentiality of donor records and the private nature of Affiliate's books and records to the extent allowed by law;

- 4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by University and utilize funds received from Affiliate in a manner consistent with University's mission, terms and conditions imposed by testators and donors, applicable law, this Agreement and University policy; and,
- 4.4 Make available to Affiliate, at University's sole discretion, appropriate facilities, personnel, or other support pursuant to the provisions of La. R.S. 17:3390(B)(3) and as otherwise permitted by law.

## **5. Records, Internal Controls and Funds Management**

- 5.1 Recognizing the need to preserve the public trust and guard against the appearance of impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and appropriate policies, procedures and internal controls, including policies on conflicts of interest, required for the conduct of its business in accordance with applicable law, the terms of this Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations.
- 5.2 The books and records of Affiliate shall be kept in accordance with customary and current accounting standards. For the preparation of reports required by this section of this Agreement, an external accountant and/or auditor engaged to conduct such reports shall be selected from among the most recent list of certified public accountants maintained by the Louisiana Legislative Auditor.
- 5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy of this Agreement including all exhibits, schedules, and other attachments; (b) provide its auditors with access to all documents and other information relevant to this Agreement; (c) require Affiliate's chief executive officer to represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement; and, (d) rotate audit partners or firms at least every five years.
- 5.4 On a biennial basis, to commence in an Affiliate's fiscal year (commencing on or following execution of this Agreement by Affiliate) designated by the Executive Vice President, or on an annual basis if requested in writing by the LSU Executive Vice President for good cause shown, Affiliate shall separately engage an Independent Accountant (which may be the same firm conducting its financial statement audit) to perform various procedures necessary to issue an Agreed Upon Procedures report concerning items included in the Schedule of Agreed - Upon Procedures for Verification of Affiliate Compliance (Exhibit D).
- 5.5 Affiliate shall provide to the LSU Executive Vice President within 120 days of the close of Affiliate's fiscal year: (a) its audited financial statements; and (b) its Agreed Upon Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its independent auditors shall arrange to meet with representatives from the LSU Office of Internal Audit to review written findings and/or the Agreed Upon Procedures report.
- 5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and substantial audit findings. Material and substantial audit findings which have not either been

(a) resolved by management or, where appropriate, through corrective action within ninety (90) days following issuance of the annual audit, or (b) in cases where corrective action is appropriate, corrective action reasonably designed to resolve the issue has not been taken within ninety (90) days following issuance of the annual audit, shall be reported to the Audit Committee of the Board of Supervisors in writing.

- 5.7 Pursuant to a separate written Funds Management Agreement authorized and executed by University and Affiliate, University may in its discretion agree to deliver and Affiliate may agree to accept for deposit with Affiliate funds which have been donated to the University by private individuals or entities or which have been provided from the state to the University pursuant to the Board of Regents Support Fund or other programs.

## **6. Certain Disbursements and Other Transactions**

- 6.1 All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by Affiliate's Board and in accordance with its annual budget, as modified by policies and procedures adopted by Affiliate's Board. Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and shall address the content of this Agreement.
- 6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B, other than transactions and disbursements involving operational and business management matters of Affiliate itself, without first obtaining a determination of acceptable University purpose from the appropriate University authority.
- 6.3 No donation requiring a determination of acceptable University purpose shall be publicized or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the University's Board or President of LSU in accordance with University policies and procedures.
- 6.4 Requests for a determination of acceptable University purpose shall be submitted to the President of LSU or to the Board through the President as may be appropriate by the Chancellor (or equivalent) of the campus or institution for whose benefit the action is proposed, in accordance with the procedures set forth in University procedures. Any submission shall include a specific recommendation from the Chancellor or equivalent demonstrating that the proposed transaction is in support of the University and its mission.
- 6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent) and President (or designee), supplemental compensation or benefits to a University employee shall be paid through the University, not directly by Affiliate to the employee. For purposes of this section, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base university compensation and benefits approved by the Board of Supervisors for duties performed by the employee for the University.
- 6.6 To ensure compliance with La. R.S. 17:3390(F), payments of over one thousand (\$1,000) dollars for any single transaction to, or on behalf of, or to reimburse the expense of a public employee of a public higher education institution or a public employee or officer of a management board of a public higher education institution shall be periodically reviewed and



approved by the Board of Supervisors in accordance with applicable policies and procedures. Affiliate may pay or reimburse such transactions pending approval by the Board, provided that any such payments or reimbursements subsequently disapproved by the Board shall be reimbursed to the Affiliate by the public employee or officer within ninety (90) days of such disapproval.

## **7. Prohibited Expenditures, Advisory Opinions**

- 7.1 University, its employees and administrators shall not request the expenditure of funds and Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C either directly or through reimbursement.
- 7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or transaction, or the procedure by which such expenditure or transaction should be reviewed, the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from the President, through the LSU Executive Vice President. Where appropriate, the President may refer the question to the Board of Supervisors for a decision. The President may adopt guidelines to facilitate the provisions of this sub-section.

## **8. Funds Management Agreements/Commitment of University Funds**

- 8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or more agreements ("Funds Management Agreements") with other affiliates of University (that is, other non-profit organizations which are recognized pursuant to University policy) so that one affiliate will manage the funds of another affiliate. In such event, the affiliate which is agreeing to manage the funds of the other affiliate shall be known as the "Funds Owner" while the affiliate transferring the funds shall be known as the "Funds Manager."
- 8.2 Unless otherwise specifically provided for in the Funds Management Agreement, the Funds Manager shall have no internal control or audit responsibilities with respect to the Funds Owner; provided, however, that the Funds Manager shall cooperate with the Funds Owner's management and auditors with respect to such matters.
- 8.3 Where Affiliate enters into a Funds Management Agreement with an organization that has not executed an Affiliation Agreement with University, such Funds Management Agreements shall:
  - 8.3.1 Require that the funds of the Funds Owner be included in either (a) the Funds Manager's annual audit conducted pursuant to La. R.S. 17:3390 or, (b) if the Funds Manager is exempt from annual audit requirements pursuant to R.S. 17:3390, an exemption certificate and a sworn financial statement in accordance with La. R.S. 17:3390D(3)(a)-(c).
  - 8.3.2 Notify the Funds Owner of the requirements of La. R.S. 17:3390(D).
- 8.4 In connection with transactions requiring the commitment of material University resources (including the transfer of University funds), the Affiliate will enter into a written agreement outlining the structure or details of each specific transaction, excluding routine transactions;

the obligations of Affiliate, University, and any other parties; the public purpose to be achieved from such transaction; and, either a reasonable expectation that benefits to the University resulting from the transaction will equal or exceed the value of funds provided by the University or an affirmation that the value of the University funds committed to the transaction will be reimbursed, either directly or through in-kind services in accordance with the requirements of La. R.S. 17:3390(B)(3).

- 8.5 Upon written request from the LSU Executive Vice President, Affiliates that are exempt from annual audit requirements pursuant to La. R.S. 17:3390, may be required to submit a financial audit or agreed to procedures report acceptable to the University conducted in accordance with generally accepted auditing standards by an independent professional auditor or, at Affiliate's option, LSU Internal Audit personnel. In connection with any audit or agreed to procedures conducted pursuant to this section, Affiliate shall: (a) provide its auditors with a copy of this Agreement; (b) provide its auditors with access to all documents and other information relevant to this Agreement; and, (c) represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement.

## **9. Term and Termination**

- 9.1 This Agreement revises and replaces previous Affiliation Agreements between University and Affiliate. It shall take effect on the date first written above, and shall continue for a period of one year. Thereafter, it shall be automatically renewed and extended for additional one-year periods unless Affiliate gives notice to terminate pursuant to the provisions of section 9.2, or University gives notice to terminate pursuant to the provisions of section 9.3. The provisions of this section shall survive any such termination.
- 9.2 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, Affiliate may terminate this Agreement without cause by providing written notice to the University no less than six (6) months prior to the effective date of the termination.
- 9.3 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, University may terminate this Agreement for cause in the event of:
- 9.3.1 Affiliate commits a material and substantial violation of the terms of this Agreement and fails to cure such violation after being provided with at least 30 days' notice of such violation,
  - 9.3.2 Affiliate engages in or negligently allows: (a) any material and substantial misuse of Affiliate's funds, or (b) any fraudulent or other illegal activity,
  - 9.3.3 the commencement of a voluntary bankruptcy proceeding by Affiliate or the commencement of an involuntary bankruptcy proceeding against Affiliate that is not dismissed within 120 days,
  - 9.3.4 the commencement of a voluntary dissolution proceeding by Affiliate or an involuntary dissolution proceeding against Affiliate that is not dismissed within 120 days,

- 9.3.5 a transfer of the campus, institution or program supported by Affiliate to another higher education management board,
  - 9.3.6 elimination or modification of programs offered by University such that Affiliate is no longer deemed necessary to the University's mission or the Affiliate is no longer able to achieve its purpose(s), or
  - 9.3.7 the occurrence of any other material event or circumstance similar in nature to those described in subsections 9.3.1-9.3.6 which, in the reasonable judgment of the University, constitutes cause and remains uncured following thirty (30) days' notice to Affiliate.
- 9.4 Upon termination of this Agreement, Affiliate shall:
- 9.4.1 Cease to use the University's name, marks or other indicia to solicit donations or for any other purpose and shall not in any way represent to alumni, contributors, and the general public that said Affiliate is affiliated with the University or authorized to raise funds for any of the colleges, schools, departments, and divisions comprising it;
  - 9.4.2 Unless otherwise directed in writing by the University or unless otherwise required pursuant to the terms of applicable law, immediately transfer to University or another affiliate designated by University, all public funds which Affiliate holds as a depository pursuant to the provisions of section 8.0;
  - 9.4.3 Terminate any Management Agreements entered into with other University affiliates in accordance with the terms of Section 8 of this Agreement and immediately return any managed funds to the appropriate Managed Affiliate(s); and,
  - 9.4.4 Provide an accounting to University of all funds, public or private, held by Affiliate within 120 days of notice of termination unless extended in writing by mutual agreement.
- 9.5 If the Affiliate's purpose is in primary support of a single campus or institution, and the necessity for termination of this Agreement results from the transfer of the supported campus or institution to another public higher education management board ("Transferee Institution"), to the extent consistent with applicable law and prudent financial management practices, the applicable provisions of any legislation authorizing transfer of the supported campus or institution and compliance with sections 9.4.1 through 9.4.4 of this Agreement, Affiliate may effect the termination of this agreement to the extent it enters into an affiliation agreement with the Transferee Institution providing for Affiliate's ability to continue its mission of supporting the same campus or institution subject to oversight by the Transferee Institution. Preceding the transfer, there shall be a review to determine whether there is any adverse impact on the University. In the event that Affiliate enters into an affiliation agreement with a Transferee Institution pursuant to the terms of this Section, the Transferee Institution and Affiliate shall agree to indemnify, defend and hold harmless University, its members, employees and agents from and against any and all claims and liabilities associated with or in any way arising out of University's association with Affiliate and Affiliate's actions or inactions (whether past, present or future).
- 9.6 Upon dissolution of Affiliate, whether dissolution is voluntary or involuntary, subject to compliance with sections 9.4 – 9.5 of this Agreement, applicable laws and Affiliate's Articles of Incorporation and other governing documents, Affiliate shall provide for its net assets to be distributed to another nonprofit affiliated with the University as designated by the

President of LSU, unless otherwise agreed by the University and Affiliate or directed by a court of competent jurisdiction and venue, to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate's governing documents, purposes and applicable law. This paragraph shall not prejudice the rights of creditors including, without limitation, any properly approved, valid, and enforceable financing agreements executed by Affiliate.

**10. Notices, Entire Agreement, Venue**

- 10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.
- 10.2 This Agreement, including all exhibits, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.
- 10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.
- 10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

**THUS DONE AND SIGNED** this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by the undersigned duly authorized representatives.

For Affiliate:  
LSU Alumni Association

For University:

By: Gordon Monk  
Name: Gordon Monk  
Title: President and CEO  
LSU Alumni Association

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT**  
**ANNUAL AFFILIATE COMPLIANCE CERTIFICATE**

Date \_\_\_\_\_

LSU Board of Supervisors

Attn: \_\_\_\_\_

Baton Rouge, Louisiana

Re: \_\_\_\_\_ ("Organization")  
Annual Compliance Certificate

Members of the LSU Board of Supervisors:

In my capacity as the Chief Executive Officer (or other authorized officer) of \_\_\_\_\_, I am writing to confirm that *after making reasonable and appropriate inquiries, to the best of my knowledge, information and belief*, the following information is true and correct as of the date of this letter:

1. The Organization is required to obtain an annual financial audit in accordance with La. R.S. 17:3390. The annual financial audit for the fiscal year ending \_\_\_\_\_, conducted by an independent auditor, has been completed and a copy was provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

**OR**

The Organization is exempt from the annual audit requirements of La. R.S. 17:3390, and copies of the Organization's exemption certificate and sworn financial statement prepared in accordance with La. R.S. 17:3390D(3)(a)-(c), were provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

2. The Organization's annual tax return for the \_\_\_\_ tax year was completed and filed with IRS on \_\_\_\_\_ and a copy was delivered to your office by letter dated \_\_\_\_\_;

**OR IF APPLICABLE**

The Organization has requested an extension through \_\_\_\_\_ within which to file its annual tax return for the \_\_\_\_\_ tax year, and a copy of the return will be provided to your office upon filing;

3. A complete list of all active corporate affiliates and subsidiaries of the Organization as of this date and the purpose for which such entities have been formed is attached to this certificate as Schedule "1";

4. A complete list of all “managed organizations” as defined in the Uniform Affiliation Agreement, managed by the Organization is attached to this certificate as Schedule “2”;
5. A current list of the Organization’s officers and directors is attached to this certificate as Schedule “3”;
6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies of any proposed amendments have been provided to the Executive Vice President;
7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from taxation in accordance with Sections \_\_\_\_\_ of the Internal Revenue Code;
8. The Organization has taken all necessary action, including any filings required by the Louisiana Secretary of State and other authorities, to maintain its corporate existence and its tax-exempt status;
9. A preliminary list, which is subject to confirmation by your office, showing the type of any housing, personnel, and other support provided to Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S. 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii) number of personnel provided, and (iii) a listing of the type of any other services provided to Affiliate by University is attached to this certificate as Schedule “4”;
10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) subject to confirmation by your office, our records indicate that the total amount paid in cash to University as direct reimbursement for housing, personnel and other support was \$\_\_\_\_\_, and (ii) subject to confirmation by your office, our records indicate that the total dollar value of all property provided to the University together with all expenditures made in support of the University (exclusive of costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall be considered “in-kind” reimbursement for purposes of La. R.S. 17:3390(b)(3), was \$\_\_\_\_\_;
11. The Organization maintains and enforces a policy on conflicts of interest as well as other policies procedures and internal controls required for the conduct of its business in accordance with applicable law, the terms of the Affiliation Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations;
12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice President, the Organization has not engaged in any prohibited transactions or made any prohibited expenditures over the last fiscal year;
13. Except as previously disclosed in writing to the Audit Committee of the Board of Supervisors, the Organization resolved or will resolve any material and substantial audit findings within

90 days of the issuance of its annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14. The Organization has provided a copy of its current Affiliation Agreement and access to all documents and other information relevant to the Affiliation Agreement to its independent auditors, if applicable, for use in the evaluation of our internal controls and determining compliance with the Affiliation Agreement in connection with transactions reviewed by the auditors in the course of their work. The Organization has represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement; and,
15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was provided to your office by letter dated \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Name:  
Title:

**Schedule 1 to Annual Affiliate Compliance Certificate**  
**List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 2 to Annual Affiliate Compliance Certificate**  
**List of "Managed Organizations"**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 3 to Annual Affiliate Compliance Certificate**  
**List of "Affiliate's Officers and Directors"**

**Schedule 4 to Annual Affiliate Compliance Certificate**  
**List of Housing, Personnel, and Other Support Provided to Affiliate by University**

**Schedule 5 to Annual Affiliate Compliance Certificate**  
**List of Support Provided by Affiliate to the University**



**EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT**  
**TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE**

1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall not undertake the following transactions and disbursements without first obtaining a determination of acceptable University purpose by the President or his designee unless (i) approval by the University's Board is required by the Board's by-laws or applicable law, or (ii) the President, in the exercise of his discretion determines that consideration of the matter at issue by the University's Board is appropriate:
  - A. Knowingly accepting any donation which either: contains a condition or imposes or purports to impose an obligation on the University, the fulfillment of which would require the University to undertake actions not previously taken or approvals not previously granted by the University in accordance with applicable policies and procedures without an express written provision indicating that the acceptance by Affiliate is conditioned on the acceptance of the conditions or obligations by the University's Board or President in accordance with University policies and procedures and the terms of this Agreement;
  - B. Accepting any donation of immovable property intended to be (a) retained by the Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or otherwise occupied by a component of the University;
  - C. Purchasing any immovable property with a fair market value of \$500,000 or more, except property which will serve as the primary location of Affiliate's administrative offices; provided that this shall not prohibit decisions by Affiliate's Board relating to reasonable and prudent investments for the Affiliate's benefit;
  - D. Selling, donating, or otherwise transferring any immovable property which was acquired for use by the University, without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - E. Leasing any immovable property, facility, or portion of a facility which is expected to be occupied by the University for a period of one year or longer without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - F. Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity; and,
  - G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least thirty (30) days advance written notice (unless a shorter period for the notice is approved in writing by the Executive Vice President) to the LSU Executive Vice President. If any such legal entities are created, affiliate shall either: (i) if available, present the financial activities of each such subsidiary in discrete schedules attached to Affiliate's financial statements, or (ii) if such discrete schedules are not available, provide University with copies of the tax returns of each such subsidiary.
  
2. The following disbursements and transactions require approval in accordance with policies and procedures mutually agreed to by University and Affiliate:
  - A. Reasonable moving expenses and reasonable relocation expenses of a University employee covered by PM 13; and,

- B. Reasonable travel, moving, relocation, entertainment, educational benefits or reimbursements may be paid to a University employee (or authorized traveler). Such payments may be made for such expenses within and above state limits when specifically approved by appropriate University administrators in accordance with University policy. Pending further specification of University policy, such expenses require approval of the employee's dean, vice chancellor or other equivalent administrative official, or their designee.
3. Contracts (or other agreements, including employment agreements) and subsequent amendments between Affiliate and a University employee should be recommended by the Chancellor (or equivalent) and approved in accordance with University policy, including approval by the Board of Supervisors, where applicable. Justification for such contracts should be in writing and demonstrate that the employee's duties are not those which the employee should perform directly for the University. These requirements shall be in addition to those of University's PM-11.

**EXHIBIT C TO UNIFORM AFFILIATION AGREEMENT**  
**PROHIBITED EXPENDITURES**

1. Submission of a written request for reimbursement or direct payment of an expense by or on behalf of a University employee shall constitute a **good faith** representation by University employees and administrators whose signatures appear on such request that (a) the Affiliate's expenditure of funds as requested is consistent with applicable University policies, applicable law and the terms of this Agreement, and (b) where expenditures involve the disbursement of donor restricted funds, that the **purpose for which the expenditure has been requested** is consistent with donor intent. For purposes of evaluating Affiliate's compliance with the terms of this Agreement, Affiliate may **reasonably** rely upon such representations.<sup>1</sup>
  
2. University, its employees and administrators shall not request the expenditure of funds, and Affiliate shall not expend funds for any of the following purposes, either directly or through reimbursement:
  - A. Solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business), unless approved in accordance with section 2 of Exhibit B and section 6.3 of the Agreement;
  - B. For any fines, penalties, or forfeitures of a University employee;
  - C. For any gift which is represented to be personally from a University employee in his or her personal capacity;
  - D. For political contributions, including payments to political action committees;
  - E. For any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion that the expenditure is either (i) lavish or extravagant, or (ii) the benefit to the individual University employee outweighs the benefit to the University;
  - F. Where payment of the expenditure would violate the Louisiana Code of Ethics;
  - G. For any purpose other than as authorized in the Agreement or through written amendment or clarification of this Agreement signed by both Affiliate and the President of University, except on the specific written recommendation of the Chancellor or equivalent (for himself/herself and those under his/her supervision) and specific written approval of the President;
  - H. For any purpose which is not consistent with Affiliate's tax exempt mission and the purpose(s) stated in section 1.1 of the Agreement.
  - I. Any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

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<sup>1</sup> The concept of "reasonable reliance" as applied to Affiliate's review of requests for expenditures submitted by the University or University personnel permits Affiliate to rely on an implied representation that such requests are consistent with University policies and procedures and the terms of this Agreement, except where, for example: (a) Affiliate has knowledge of facts indicating that representations implied in the request are not accurate, or (b) necessary documentation has not been submitted to support the request, or (c) documentation submitted in connection with the request is incomplete, inconsistent or inaccurate on its face.

**EXHIBIT D TO UNIFORM AFFILIATION AGREEMENT**  
**SCHEDULE OF AGREED-UPON PROCEDURES**  
**For**  
**AFFILIATE VERIFICATION OF COMPLIANCE**  
**WITH UNIFORM AFFILIATION AGREEMENT**

Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report regarding findings based on the following:

1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy. The policy shall require that any unresolved issues be reported to the Audit Committee of the LSU Board of Supervisors consistent with Sub-section 5.6.
2. Confirm that Affiliate's governing board has established and implemented policies governing conflicts of interest by observing a copy of such policy.
3. Obtain an understanding of the internal controls in place over cash disbursements and expenditures for the period in question. On a sample of items, inspect written evidence of the internal controls and support for each transaction to determine if Affiliate has designed and implemented procedures related to the following UAA provisions:
  - Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid directly to a University employee has written approval by the Chancellor or equivalent and the President of LSU.
  - Payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee's dean, vice chancellor, or other equivalent administrative official approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments for moving and relocation expenses of University employees covered by PM 13 have been approved in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.
  - Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.

- Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.
- Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.
- Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.
- Funds have been not disbursed for any purpose which is not consistent with Affiliate's tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.
- Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

The proposed sample size will be provided to the LSU Executive Vice President for review and comment at least 15 days prior to the engagement. Unless otherwise mutually agreed to by Affiliate and the Executive Vice President for good cause shown, the sample size shall not exceed the fewer of 10% of Affiliate's annual transactions or 50 transactions.

4. Obtain a written representation from the Affiliate that, in accordance with Section 5.3 of the UAA, Affiliate has (a) provided the Auditor with a copy of its current UAA including any amendments thereto; (b) provided the Auditor with access to all documents and other information relevant to the UAA; and, (c) represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the UAA.



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## Board of Supervisors

### Recommendation to Approve an Affiliation Agreement with the Tiger Athletic Foundation

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1

- J. Any affiliation agreement with a private non-profit foundation formed to support the programs, facilities, and research and educational opportunities offered by one or more campuses of the University, or the University as a whole.

#### 2. Summary of Matter

At its March 6, 2020 meeting, the Board of Supervisors approved a new Uniform Affiliation Agreement (UAA) template. The affiliation agreement outlines the general duties and responsibilities of both the University and the Affiliate. The template approved in March made a number of revisions and edits to the agreement, including providing for a more transparent and straightforward procedure to monitor compliance with the terms of the agreement. The university is now recommending approval of affiliation agreements with existing affiliates in the new UAA template.

#### 3. Review of Business Plan

Not Applicable

#### 4. Fiscal Impact

There is no fiscal impact expected from the amended Affiliation Agreement.

#### 5. Description of Competitive Process

Not Applicable

#### 6. Review of Legal Documents

Not Applicable

#### 7. Parties of Interest

LSU and the Tiger Athletic Foundation.

#### 8. Related Transactions

Not Applicable

**9. Conflicts of Interest**

None.

**10. Attachments**

1. Affiliation Agreement with the Tiger Athletic Foundation

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors authorizes the President to execute the affiliation agreement with the Tiger Athletic Foundation, as presented.

## **Uniform Affiliation Agreement**

This Agreement is made and entered into on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (“University”) and **Tiger Athletic Foundation** (“Affiliate”).

**WHEREAS**, as stated in La. R.S. 17:3390(A), the Legislature has found and University recognizes that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions;

**WHEREAS**, as further stated in La. R.S. 17:3390(A), the Legislature encourages higher education management boards and institutions to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education;

**WHEREAS**, after considering the proposed mission and purpose of Affiliate, University has determined that Affiliate’s activities will support or enhance one or more of the programs, facilities, research and educational opportunities offered by University;

**WHEREAS**, because of the close association of Affiliate with the University, it is prudent and beneficial to have a clear statement, agreed upon by the parties, of the respective responsibilities, requirements, authority, and relationship of the University and Affiliate while preserving the private and independent legal status of the Affiliate:

### **1. Affiliate Purpose and Status**

- 1.1 Affiliate’s purpose(s) shall be as defined in the Affiliate’s Articles of Incorporation. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall likewise be consistent with the institutional mission and activities of University as defined by the University. In order to prevent the unnecessary duplication of activities among University affiliates, any proposed material change in Affiliate’s authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU’s Executive Vice President for Finance and Administration and CFO (“LSU Executive Vice President”) with a copy delivered to the Chair of the Board of Supervisors.
- 1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the LSU Executive Vice President of any proposed material change in Affiliate’s Articles of Incorporation or Bylaws.
- 1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been recognized as and shall maintain its status as an organization exempt from taxation under Section 501(c) of the Internal Revenue Code.
- 1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed as to invalidate or restrict Affiliate’s private and independent legal status.



## 2. Governance

- 2.1 To ensure that Affiliate's status as a private entity is recognized and maintained in accordance with La. R.S. 17:3390(B), Affiliate shall meet the following criteria:
  - 2.1.1 Affiliate shall be under the management and control of a board of directors ("Affiliate's Board") elected by the members or shareholders of Affiliate.
  - 2.1.2 A majority of the voting members of Affiliate's Board shall consist of individuals who are not members or employees of a Louisiana higher education management board; and,
  - 2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and other support furnished to Affiliate by any institution of higher education.
- 2.2 Members of Affiliate Boards
  - 2.2.1 The President of LSU, or his designee, shall be a non-voting *ex officio* member of Affiliate's Board and of the Executive Committee of such Board (or equivalent). To promote compliance with Affiliate's policy on conflicts of interest, and ensure that appropriate disclosures are made and facilitate an understanding of Affiliate's business, the President of LSU will provide Affiliate with reasonable advance notice identifying individuals designated to attend meetings in his place and will endeavor to utilize a single individual as his designee.
  - 2.2.2 The Chairman of the Board of Supervisors, in consultation with members of the Board of Supervisors and Chairman of the Affiliate Board, shall have the right to recommend a list of members of the Board of Supervisors as potential candidates to Affiliate for election to Affiliate's Board as non-voting members. Affiliate agrees that at all times, excluding instances associated with temporary vacancies created by death, resignation or similar causes, at least one member of its Board, shall be elected from the recommended candidates.
  - 2.2.3 Designation of the President of LSU (or his designee) and Affiliate's election of an individual nominated by the Chairman of the Board of Supervisors to serve as a member of Affiliate's Board and/or Executive Committee is not intended to and shall not be deemed a waiver of the privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390.
- 2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or equivalent shall, at a minimum, be given notice of and the ability to attend and participate as a non-voting, *ex officio* member in meetings of the Affiliate's Board and Executive Committee.
- 2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access to all books and records of Affiliate in accordance with its generally applicable confidentiality and non-disclosure policies, provided that members who are or may be deemed "public servants," as defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate's books and records. Requests for access to books and records shall be made via written request directed to Affiliate's Chief Executive Officer.

### **3. General Duties and Responsibilities of Affiliate**

- 3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate's Articles of Incorporation and tax-exempt purpose.
- 3.2 Support and promote the mission and activities of the University.
- 3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of interest and ensure that Affiliate's assets do not directly or indirectly unduly benefit any individual or other person.
- 3.4 Solicit and accept things of value of all kinds consistent with applicable law.
- 3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and bequests in accordance with donor intent, applicable law and applicable University and Affiliate policies and procedures.
- 3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses incidental to the conduct of the affairs of Affiliate.
- 3.7 Within 120 days following the close of Affiliate's fiscal year, unless an extension is granted by the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A) and materials referenced therein, to the LSU Executive Vice President.
- 3.8 Subject to any limitations imposed by contracts among the University and third parties and applicable University policies, the Affiliate may be granted the right by University to utilize its "licensed marks" on a royalty free basis for its activities in support of LSU. Affiliate must adhere to the Louisiana State University Brand Identity.
- 3.9 University is an equal opportunity/access institution committed to diversity and inclusiveness in procurement. Affiliate is encouraged to reflect the spirit of this commitment in its business practices by: (a) participating in and encouraging major suppliers to participate in LSU sponsored outreach programs for small businesses as well as minority, women and veteran owned businesses ("DBEs"); (b) creating awareness among its suppliers that University and Affiliate encourage suppliers to make reasonable and prudent efforts to identify and provide competitive opportunities for participation by DBEs; and, (c) making reasonable and prudent efforts consistent with its unique needs as well as its fiduciary and good stewardship obligations, to identify and provide competitive opportunities for DBEs to participate in Affiliate's procurement opportunities. To assist Affiliate in its efforts, the University will make the resources of its Supplier Diversity program, including but not limited to lists of registered DBE's, personnel and information on best practices, available to Affiliate.

### **4. General Duties and Responsibilities of University**

- 4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of private funds to Affiliate;
- 4.2 Avoid action that would undermine Affiliate's status as a private entity, maintain the confidentiality of donor records and the private nature of Affiliate's books and records to the extent allowed by law;

- 4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by University and utilize funds received from Affiliate in a manner consistent with University's mission, terms and conditions imposed by testators and donors, applicable law, this Agreement and University policy; and,
- 4.4 Make available to Affiliate, at University's sole discretion, appropriate facilities, personnel, or other support pursuant to the provisions of La. R.S. 17:3390(B)(3) and as otherwise permitted by law.

## **5. Records, Internal Controls and Funds Management**

- 5.1 Recognizing the need to preserve the public trust and guard against the appearance of impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and appropriate policies, procedures and internal controls, including policies on conflicts of interest, required for the conduct of its business in accordance with applicable law, the terms of this Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations.
- 5.2 The books and records of Affiliate shall be kept in accordance with customary and current accounting standards. For the preparation of reports required by this section of this Agreement, an external accountant and/or auditor engaged to conduct such reports shall be selected from among the most recent list of certified public accountants maintained by the Louisiana Legislative Auditor.
- 5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy of this Agreement including all exhibits, schedules, and other attachments; (b) provide its auditors with access to all documents and other information relevant to this Agreement; (c) require Affiliate's chief executive officer to represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement; and, (d) rotate audit partners or firms at least every five years.
- 5.4 On a biennial basis, to commence in an Affiliate's fiscal year (commencing on or following execution of this Agreement by Affiliate) designated by the Executive Vice President, or on an annual basis if requested in writing by the LSU Executive Vice President for good cause shown, Affiliate shall separately engage an Independent Accountant (which may be the same firm conducting its financial statement audit) to perform various procedures necessary to issue an Agreed Upon Procedures report concerning items included in the Schedule of Agreed - Upon Procedures for Verification of Affiliate Compliance (Exhibit D).
- 5.5 Affiliate shall provide to the LSU Executive Vice President within 120 days of the close of Affiliate's fiscal year: (a) its audited financial statements; and (b) its Agreed Upon Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its independent auditors shall arrange to meet with representatives from the LSU Office of Internal Audit to review written findings and/or the Agreed Upon Procedures report.
- 5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and substantial audit findings. Material and substantial audit findings which have not either been

(a) resolved by management or, where appropriate, through corrective action within ninety (90) days following issuance of the annual audit, or (b) in cases where corrective action is appropriate, corrective action reasonably designed to resolve the issue has not been taken within ninety (90) days following issuance of the annual audit, shall be reported to the Audit Committee of the Board of Supervisors in writing.

- 5.7 Pursuant to a separate written Funds Management Agreement authorized and executed by University and Affiliate, University may in its discretion agree to deliver and Affiliate may agree to accept for deposit with Affiliate funds which have been donated to the University by private individuals or entities or which have been provided from the state to the University pursuant to the Board of Regents Support Fund or other programs.

## **6. Certain Disbursements and Other Transactions**

- 6.1 All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by Affiliate's Board and in accordance with its annual budget, as modified by policies and procedures adopted by Affiliate's Board. Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and shall address the content of this Agreement.
- 6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B, other than transactions and disbursements involving operational and business management matters of Affiliate itself, without first obtaining a determination of acceptable University purpose from the appropriate University authority.
- 6.3 No donation requiring a determination of acceptable University purpose shall be publicized or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the University's Board or President of LSU in accordance with University policies and procedures.
- 6.4 Requests for a determination of acceptable University purpose shall be submitted to the President of LSU or to the Board through the President as may be appropriate by the Chancellor (or equivalent) of the campus or institution for whose benefit the action is proposed, in accordance with the procedures set forth in University procedures. Any submission shall include a specific recommendation from the Chancellor or equivalent demonstrating that the proposed transaction is in support of the University and its mission.
- 6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent) and President (or designee), supplemental compensation or benefits to a University employee shall be paid through the University, not directly by Affiliate to the employee. For purposes of this section, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base university compensation and benefits approved by the Board of Supervisors for duties performed by the employee for the University.
- 6.6 To ensure compliance with La. R.S. 17:3390(F), payments of over one thousand (\$1,000) dollars for any single transaction to, or on behalf of, or to reimburse the expense of a public employee of a public higher education institution or a public employee or officer of a management board of a public higher education institution shall be periodically reviewed and

approved by the Board of Supervisors in accordance with applicable policies and procedures. Affiliate may pay or reimburse such transactions pending approval by the Board, provided that any such payments or reimbursements subsequently disapproved by the Board shall be reimbursed to the Affiliate by the public employee or officer within ninety (90) days of such disapproval.

## **7. Prohibited Expenditures, Advisory Opinions**

- 7.1 University, its employees and administrators shall not request the expenditure of funds and Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C either directly or through reimbursement.
- 7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or transaction, or the procedure by which such expenditure or transaction should be reviewed, the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from the President, through the LSU Executive Vice President. Where appropriate, the President may refer the question to the Board of Supervisors for a decision. The President may adopt guidelines to facilitate the provisions of this sub-section.

## **8. Funds Management Agreements/Commitment of University Funds**

- 8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or more agreements ("Funds Management Agreements") with other affiliates of University (that is, other non-profit organizations which are recognized pursuant to University policy) so that one affiliate will manage the funds of another affiliate. In such event, the affiliate which is agreeing to manage the funds of the other affiliate shall be known as the "Funds Owner" while the affiliate transferring the funds shall be known as the "Funds Manager."
- 8.2 Unless otherwise specifically provided for in the Funds Management Agreement, the Funds Manager shall have no internal control or audit responsibilities with respect to the Funds Owner; provided, however, that the Funds Manager shall cooperate with the Funds Owner's management and auditors with respect to such matters.
- 8.3 Where Affiliate enters into a Funds Management Agreement with an organization that has not executed an Affiliation Agreement with University, such Funds Management Agreements shall:
  - 8.3.1 Require that the funds of the Funds Owner be included in either (a) the Funds Manager's annual audit conducted pursuant to La. R.S. 17:3390 or, (b) if the Funds Manager is exempt from annual audit requirements pursuant to R.S. 17:3390, an exemption certificate and a sworn financial statement in accordance with La. R.S. 17:3390D(3)(a)-(c).
  - 8.3.2 Notify the Funds Owner of the requirements of La. R.S. 17:3390(D).
- 8.4 In connection with transactions requiring the commitment of material University resources (including the transfer of University funds), the Affiliate will enter into a written agreement outlining the structure or details of each specific transaction, excluding routine transactions;

the obligations of Affiliate, University, and any other parties; the public purpose to be achieved from such transaction; and, either a reasonable expectation that benefits to the University resulting from the transaction will equal or exceed the value of funds provided by the University or an affirmation that the value of the University funds committed to the transaction will be reimbursed, either directly or through in-kind services in accordance with the requirements of La. R.S. 17:3390(B)(3).

- 8.5 Upon written request from the LSU Executive Vice President, Affiliates that are exempt from annual audit requirements pursuant to La. R.S. 17:3390, may be required to submit a financial audit or agreed to procedures report acceptable to the University conducted in accordance with generally accepted auditing standards by an independent professional auditor or, at Affiliate's option, LSU Internal Audit personnel. In connection with any audit or agreed to procedures conducted pursuant to this section, Affiliate shall: (a) provide its auditors with a copy of this Agreement; (b) provide its auditors with access to all documents and other information relevant to this Agreement; and, (c) represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement.

## **9. Term and Termination**

- 9.1 This Agreement revises and replaces previous Affiliation Agreements between University and Affiliate. It shall take effect on the date first written above, and shall continue for a period of one year. Thereafter, it shall be automatically renewed and extended for additional one-year periods unless Affiliate gives notice to terminate pursuant to the provisions of section 9.2, or University gives notice to terminate pursuant to the provisions of section 9.3. The provisions of this section shall survive any such termination.
- 9.2 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, Affiliate may terminate this Agreement without cause by providing written notice to the University no less than six (6) months prior to the effective date of the termination.
- 9.3 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, University may terminate this Agreement for cause in the event of:
- 9.3.1 Affiliate commits a material and substantial violation of the terms of this Agreement and fails to cure such violation after being provided with at least 30 days' notice of such violation,
  - 9.3.2 Affiliate engages in or negligently allows: (a) any material and substantial misuse of Affiliate's funds, or (b) any fraudulent or other illegal activity,
  - 9.3.3 the commencement of a voluntary bankruptcy proceeding by Affiliate or the commencement of an involuntary bankruptcy proceeding against Affiliate that is not dismissed within 120 days,
  - 9.3.4 the commencement of a voluntary dissolution proceeding by Affiliate or an involuntary dissolution proceeding against Affiliate that is not dismissed within 120 days,

- 9.3.5 a transfer of the campus, institution or program supported by Affiliate to another higher education management board,
  - 9.3.6 elimination or modification of programs offered by University such that Affiliate is no longer deemed necessary to the University's mission or the Affiliate is no longer able to achieve its purpose(s), or
  - 9.3.7 the occurrence of any other material event or circumstance similar in nature to those described in subsections 9.3.1-9.3.6 which, in the reasonable judgment of the University, constitutes cause and remains uncured following thirty (30) days' notice to Affiliate.
- 9.4 Upon termination of this Agreement, Affiliate shall:
- 9.4.1 Cease to use the University's name, marks or other indicia to solicit donations or for any other purpose and shall not in any way represent to alumni, contributors, and the general public that said Affiliate is affiliated with the University or authorized to raise funds for any of the colleges, schools, departments, and divisions comprising it;
  - 9.4.2 Unless otherwise directed in writing by the University or unless otherwise required pursuant to the terms of applicable law, immediately transfer to University or another affiliate designated by University, all public funds which Affiliate holds as a depository pursuant to the provisions of section 8.0;
  - 9.4.3 Terminate any Management Agreements entered into with other University affiliates in accordance with the terms of Section 8 of this Agreement and immediately return any managed funds to the appropriate Managed Affiliate(s); and,
  - 9.4.4 Provide an accounting to University of all funds, public or private, held by Affiliate within 120 days of notice of termination unless extended in writing by mutual agreement.
- 9.5 If the Affiliate's purpose is in primary support of a single campus or institution, and the necessity for termination of this Agreement results from the transfer of the supported campus or institution to another public higher education management board ("Transferee Institution"), to the extent consistent with applicable law and prudent financial management practices, the applicable provisions of any legislation authorizing transfer of the supported campus or institution and compliance with sections 9.4.1 through 9.4.4 of this Agreement, Affiliate may effect the termination of this agreement to the extent it enters into an affiliation agreement with the Transferee Institution providing for Affiliate's ability to continue its mission of supporting the same campus or institution subject to oversight by the Transferee Institution. Preceding the transfer, there shall be a review to determine whether there is any adverse impact on the University. In the event that Affiliate enters into an affiliation agreement with a Transferee Institution pursuant to the terms of this Section, the Transferee Institution and Affiliate shall agree to indemnify, defend and hold harmless University, its members, employees and agents from and against any and all claims and liabilities associated with or in any way arising out of University's association with Affiliate and Affiliate's actions or inactions (whether past, present or future).
- 9.6 Upon dissolution of Affiliate, whether dissolution is voluntary or involuntary, subject to compliance with sections 9.4 – 9.5 of this Agreement, applicable laws and Affiliate's Articles of Incorporation and other governing documents, Affiliate shall provide for its net assets to be distributed to another nonprofit affiliated with the University as designated by the

President of LSU, unless otherwise agreed by the University and Affiliate or directed by a court of competent jurisdiction and venue, to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate's governing documents, purposes and applicable law. This paragraph shall not prejudice the rights of creditors including, without limitation, any properly approved, valid, and enforceable financing agreements executed by Affiliate.


**10. Notices, Entire Agreement, Venue**

- 10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.
- 10.2 This Agreement, including all exhibits, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.
- 10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.
- 10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

**THUS DONE AND SIGNED** this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by the undersigned duly authorized representatives.

For Affiliate:

For University:

By:   
Richard B. Perry, President & CEO

By: \_\_\_\_\_  
Name:  
Title:



**EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT**  
**ANNUAL AFFILIATE COMPLIANCE CERTIFICATE**

Date\_\_\_\_\_

LSU Board of Supervisors

Attn: \_\_\_\_\_

Baton Rouge, Louisiana

Re: \_\_\_\_\_ (“Organization”)  
Annual Compliance Certificate

Members of the LSU Board of Supervisors:

In my capacity as the Chief Executive Officer (or other authorized officer) of \_\_\_\_\_, I am writing to confirm that *after making reasonable and appropriate inquiries, to the best of my knowledge, information and belief*, the following information is true and correct as of the date of this letter:

1. The Organization is required to obtain an annual financial audit in accordance with La. R.S. 17:3390. The annual financial audit for the fiscal year ending \_\_\_\_\_, conducted by an independent auditor, has been completed and a copy was provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

**OR**

The Organization is exempt from the annual audit requirements of La. R.S. 17:3390, and copies of the Organization’s exemption certificate and sworn financial statement prepared in accordance with La. R.S. 17:3390D(3)(a)-(c), were provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

2. The Organization’s annual tax return for the \_\_\_\_ tax year was completed and filed with IRS on \_\_\_\_\_ and a copy was delivered to your office by letter dated \_\_\_\_\_;

**OR IF APPLICABLE**

The Organization has requested an extension through \_\_\_\_\_ within which to file its annual tax return for the \_\_\_\_\_ tax year, and a copy of the return will be provided to your office upon filing;

3. A complete list of all active corporate affiliates and subsidiaries of the Organization as of this date and the purpose for which such entities have been formed is attached to this certificate as Schedule “1”;

4. A complete list of all “managed organizations” as defined in the Uniform Affiliation Agreement, managed by the Organization is attached to this certificate as Schedule “2”;
5. A current list of the Organization’s officers and directors is attached to this certificate as Schedule “3”;
6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies of any proposed amendments have been provided to the Executive Vice President;
7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from taxation in accordance with Sections \_\_\_\_\_ of the Internal Revenue Code;
8. The Organization has taken all necessary action, including any filings required by the Louisiana Secretary of State and other authorities, to maintain its corporate existence and its tax-exempt status;
9. A preliminary list, which is subject to confirmation by your office, showing the type of any housing, personnel, and other support provided to Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S. 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii) number of personnel provided, and (iii) a listing of the type of any other services provided to Affiliate by University is attached to this certificate as Schedule “4”;
10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) subject to confirmation by your office, our records indicate that the total amount paid in cash to University as direct reimbursement for housing, personnel and other support was \$\_\_\_\_\_, and (ii) subject to confirmation by your office, our records indicate that the total dollar value of all property provided to the University together with all expenditures made in support of the University (exclusive of costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall be considered "in-kind" reimbursement for purposes of La. R.S. 17:3390(b)(3), was \$\_\_\_\_\_;
11. The Organization maintains and enforces a policy on conflicts of interest as well as other policies procedures and internal controls required for the conduct of its business in accordance with applicable law, the terms of the Affiliation Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations;
12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice President, the Organization has not engaged in any prohibited transactions or made any prohibited expenditures over the last fiscal year;
13. Except as previously disclosed in writing to the Audit Committee of the Board of Supervisors, the Organization resolved or will resolve any material and substantial audit findings within

90 days of the issuance of its annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14. The Organization has provided a copy of its current Affiliation Agreement and access to all documents and other information relevant to the Affiliation Agreement to its independent auditors, if applicable, for use in the evaluation of our internal controls and determining compliance with the Affiliation Agreement in connection with transactions reviewed by the auditors in the course of their work. The Organization has represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement; and,
15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was provided to your office by letter dated \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Name:

Title:

**Schedule 1 to Annual Affiliate Compliance Certificate**  
**List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 2 to Annual Affiliate Compliance Certificate**  
**List of “Managed Organizations”**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 3 to Annual Affiliate Compliance Certificate**  
**List of “Affiliate’s Officers and Directors”**

**Schedule 4 to Annual Affiliate Compliance Certificate**  
**List of Housing, Personnel, and Other Support Provided to Affiliate by University**

**Schedule 5 to Annual Affiliate Compliance Certificate**  
**List of Support Provided by Affiliate to the University**

**EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT**  
**TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE**

1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall not undertake the following transactions and disbursements without first obtaining a determination of acceptable University purpose by the President or his designee unless (i) approval by the University's Board is required by the Board's by-laws or applicable law, or (ii) the President, in the exercise of his discretion determines that consideration of the matter at issue by the University's Board is appropriate:
  - A. Knowingly accepting any donation which either: contains a condition or imposes or purports to impose an obligation on the University, the fulfillment of which would require the University to undertake actions not previously taken or approvals not previously granted by the University in accordance with applicable policies and procedures without an express written provision indicating that the acceptance by Affiliate is conditioned on the acceptance of the conditions or obligations by the University's Board or President in accordance with University policies and procedures and the terms of this Agreement;
  - B. Accepting any donation of immovable property intended to be (a) retained by the Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or otherwise occupied by a component of the University;
  - C. Purchasing any immovable property with a fair market value of \$500,000 or more, except property which will serve as the primary location of Affiliate's administrative offices; provided that this shall not prohibit decisions by Affiliate's Board relating to reasonable and prudent investments for the Affiliate's benefit;
  - D. Selling, donating, or otherwise transferring any immovable property which was acquired for use by the University, without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - E. Leasing any immovable property, facility, or portion of a facility which is expected to be occupied by the University for a period of one year or longer without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - F. Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity; and,
  - G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least thirty (30) days advance written notice (unless a shorter period for the notice is approved in writing by the Executive Vice President) to the LSU Executive Vice President. If any such legal entities are created, affiliate shall either: (i) if available, present the financial activities of each such subsidiary in discrete schedules attached to Affiliate's financial statements, or (ii) if such discrete schedules are not available, provide University with copies of the tax returns of each such subsidiary.
  
2. The following disbursements and transactions require approval in accordance with policies and procedures mutually agreed to by University and Affiliate:
  - A. Reasonable moving expenses and reasonable relocation expenses of a University employee covered by PM 13; and,

B. Reasonable travel, moving, relocation, entertainment, educational benefits or reimbursements may be paid to a University employee (or authorized traveler). Such payments may be made for such expenses within and above state limits when specifically approved by appropriate University administrators in accordance with University policy. Pending further specification of University policy, such expenses require approval of the employee's dean, vice chancellor or other equivalent administrative official, or their designee.

3. Contracts (or other agreements, including employment agreements) and subsequent amendments between Affiliate and a University employee should be recommended by the Chancellor (or equivalent) and approved in accordance with University policy, including approval by the Board of Supervisors, where applicable. Justification for such contracts should be in writing and demonstrate that the employee's duties are not those which the employee should perform directly for the University. These requirements shall be in addition to those of University's PM-11.

**EXHIBIT C TO UNIFORM AFFILIATION AGREEMENT**  
**PROHIBITED EXPENDITURES**

1. Submission of a written request for reimbursement or direct payment of an expense by or on behalf of a University employee shall constitute a **good faith** representation by University employees and administrators whose signatures appear on such request that (a) the Affiliate's expenditure of funds as requested is consistent with applicable University policies, applicable law and the terms of this Agreement, and (b) where expenditures involve the disbursement of donor restricted funds, that the **purpose for which the expenditure has been requested** is consistent with donor intent. For purposes of evaluating Affiliate's compliance with the terms of this Agreement, Affiliate may **reasonably** rely upon such representations.<sup>1</sup>

2. University, its employees and administrators shall not request the expenditure of funds, and Affiliate shall not expend funds for any of the following purposes, either directly or through reimbursement:

- A. Solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business), unless approved in accordance with section 2 of Exhibit B and section 6.3 of the Agreement;
- B. For any fines, penalties, or forfeitures of a University employee;
- C. For any gift which is represented to be personally from a University employee in his or her personal capacity;
- D. For political contributions, including payments to political action committees;
- E. For any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion that the expenditure is either (i) lavish or extravagant, or (ii) the benefit to the individual University employee outweighs the benefit to the University;
- F. Where payment of the expenditure would violate the Louisiana Code of Ethics;
- G. For any purpose other than as authorized in the Agreement or through written amendment or clarification of this Agreement signed by both Affiliate and the President of University, except on the specific written recommendation of the Chancellor or equivalent (for himself/herself and those under his/her supervision) and specific written approval of the President;
- H. For any purpose which is not consistent with Affiliate's tax exempt mission and the purpose(s) stated in section 1.1 of the Agreement.
- I. Any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

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<sup>1</sup> The concept of "reasonable reliance" as applied to Affiliate's review of requests for expenditures submitted by the University or University personnel permits Affiliate to rely on an implied representation that such requests are consistent with University policies and procedures and the terms of this Agreement, except where, for example: (a) Affiliate has knowledge of facts indicating that representations implied in the request are not accurate, or (b) necessary documentation has not been submitted to support the request, or (c) documentation submitted in connection with the request is incomplete, inconsistent or inaccurate on its face.

**EXHIBIT D TO UNIFORM AFFILIATION AGREEMENT**  
**SCHEDULE OF AGREED-UPON PROCEDURES**  
**For**  
**AFFILIATE VERIFICATION OF COMPLIANCE**  
**WITH UNIFORM AFFILIATION AGREEMENT**

Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report regarding findings based on the following:

1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy. The policy shall require that any unresolved issues be reported to the Audit Committee of the LSU Board of Supervisors consistent with Sub-section 5.6.
2. Confirm that Affiliate's governing board has established and implemented policies governing conflicts of interest by observing a copy of such policy.
3. Obtain an understanding of the internal controls in place over cash disbursements and expenditures for the period in question. On a sample of items, inspect written evidence of the internal controls and support for each transaction to determine if Affiliate has designed and implemented procedures related to the following UAA provisions:
  - Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid directly to a University employee has written approval by the Chancellor or equivalent and the President of LSU.
  - Payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee's dean, vice chancellor, or other equivalent administrative official approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments for moving and relocation expenses of University employees covered by PM 13 have been approved in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.
  - Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.



- Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.
- Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.
- Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.
- Funds have been not disbursed for any purpose which is not consistent with Affiliate's tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.
- Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

The proposed sample size will be provided to the LSU Executive Vice President for review and comment at least 15 days prior to the engagement. Unless otherwise mutually agreed to by Affiliate and the Executive Vice President for good cause shown, the sample size shall not exceed the fewer of 10% of Affiliate's annual transactions or 50 transactions.

4. Obtain a written representation from the Affiliate that, in accordance with Section 5.3 of the UAA, Affiliate has (a) provided the Auditor with a copy of its current UAA including any amendments thereto; (b) provided the Auditor with access to all documents and other information relevant to the UAA; and, (c) represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the UAA.



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## Board of Supervisors

### Recommendation to Approve an Affiliation Agreement with the LSU Research Foundation

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1

- J. Any affiliation agreement with a private non-profit foundation formed to support the programs, facilities, and research and educational opportunities offered by one or more campuses of the University, or the University as a whole.

#### 2. Summary of Matter

At its March 6, 2020 meeting, the Board of Supervisors approved a new Uniform Affiliation Agreement (UAA) template. The affiliation agreement outlines the general duties and responsibilities of both the University and the Affiliate. The template approved in March made a number of revisions and edits to the agreement, including providing for a more transparent and straightforward procedure to monitor compliance with the terms of the agreement. The university is now recommending approval of affiliation agreements with existing affiliates in the new UAA template.

#### 3. Review of Business Plan

Not Applicable

#### 4. Fiscal Impact

There is no fiscal impact expected from the amended Affiliation Agreement.

#### 5. Description of Competitive Process

Not Applicable

#### 6. Review of Legal Documents

Not Applicable

#### 7. Parties of Interest

LSU and the LSU Research Foundation.

#### 8. Related Transactions

Not Applicable

**9. Conflicts of Interest**

None.

**10. Attachments**

1. Affiliation Agreement with the LSU Research Foundation

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors authorizes the President to execute the affiliation agreement with the LSU Research Foundation, as presented.

## Uniform Affiliation Agreement

This Agreement is made and entered into on the 1st day of September, 2020, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College ("University") and the LSU Research Foundation ("Affiliate").

**WHEREAS**, as stated in La. R.S. 17:3390(A), the Legislature has found and University recognizes that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions;

**WHEREAS**, as further stated in La. R.S. 17:3390(A), the Legislature encourages higher education management boards and institutions to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education;

**WHEREAS**, after considering the proposed mission and purpose of Affiliate, University has determined that Affiliate's activities will support or enhance one or more of the programs, facilities, research and educational opportunities offered by University;

**WHEREAS**, because of the close association of Affiliate with the University, it is prudent and beneficial to have a clear statement, agreed upon by the parties, of the respective responsibilities, requirements, authority, and relationship of the University and Affiliate while preserving the private and independent legal status of the Affiliate:

### 1. Affiliate Purpose and Status

- 1.1 Affiliate's purpose(s) shall be as defined in the Affiliate's Articles of Incorporation. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall likewise be consistent with the institutional mission and activities of University as defined by the University. In order to prevent the unnecessary duplication of activities among University affiliates, any proposed material change in Affiliate's authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU's Executive Vice President for Finance and Administration and CFO ("LSU Executive Vice President") with a copy delivered to the Chair of the Board of Supervisors.
- 1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the LSU Executive Vice President of any proposed material change in Affiliate's Articles of Incorporation or Bylaws.
- 1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been recognized as and shall maintain its status as an organization exempt from taxation under Section 501(c) of the Internal Revenue Code.
- 1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed as to invalidate or restrict Affiliate's private and independent legal status.

## 2. Governance

- 2.1 To ensure that Affiliate's status as a private entity is recognized and maintained in accordance with La. R.S. 17:3390(B), Affiliate shall meet the following criteria:
  - 2.1.1 Affiliate shall be under the management and control of a board of directors ("Affiliate's Board") elected by the members or shareholders of Affiliate.
  - 2.1.2 A majority of the voting members of Affiliate's Board shall consist of individuals who are not members or employees of a Louisiana higher education management board; and,
  - 2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and other support furnished to Affiliate by any institution of higher education.
- 2.2 Members of Affiliate Boards
  - 2.2.1 The President of LSU, or his designee, shall be a non-voting *ex officio* member of Affiliate's Board and of the Executive Committee of such Board (or equivalent). To promote compliance with Affiliate's policy on conflicts of interest, and ensure that appropriate disclosures are made and facilitate an understanding of Affiliate's business, the President of LSU will provide Affiliate with reasonable advance notice identifying individuals designated to attend meetings in his place and will endeavor to utilize a single individual as his designee.
  - 2.2.2 The Chairman of the Board of Supervisors, in consultation with members of the Board of Supervisors and Chairman of the Affiliate Board, shall have the right to recommend a list of members of the Board of Supervisors as potential candidates to Affiliate for election to Affiliate's Board as non-voting members. Affiliate agrees that at all times, excluding instances associated with temporary vacancies created by death, resignation or similar causes, at least one member of its Board, shall be elected from the recommended candidates.
  - 2.2.3 Designation of the President of LSU (or his designee) and Affiliate's election of an individual nominated by the Chairman of the Board of Supervisors to serve as a member of Affiliate's Board and/or Executive Committee is not intended to and shall not be deemed a waiver of the privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390.
- 2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or equivalent shall, at a minimum, be given notice of and the ability to attend and participate as a non-voting, *ex officio* member in meetings of the Affiliate's Board and Executive Committee.
- 2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access to all books and records of Affiliate in accordance with its generally applicable confidentiality and non-disclosure policies, provided that members who are or may be deemed "public servants," as defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate's books and records. Requests for access to books and records shall be made via written request directed to Affiliate's Chief Executive Officer.

### **3. General Duties and Responsibilities of Affiliate**

- 3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate's Articles of Incorporation and tax-exempt purpose.
- 3.2 Support and promote the mission and activities of the University.
- 3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of interest and ensure that Affiliate's assets do not directly or indirectly unduly benefit any individual or other person.
- 3.4 Solicit and accept things of value of all kinds consistent with applicable law.
- 3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and bequests in accordance with donor intent, applicable law and applicable University and Affiliate policies and procedures.
- 3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses incidental to the conduct of the affairs of Affiliate.
- 3.7 Within 120 days following the close of Affiliate's fiscal year, unless an extension is granted by the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A) and materials referenced therein, to the LSU Executive Vice President.
- 3.8 Subject to any limitations imposed by contracts among the University and third parties and applicable University policies, the Affiliate may be granted the right by University to utilize its "licensed marks" on a royalty free basis for its activities in support of LSU. Affiliate must adhere to the Louisiana State University Brand Identity.
- 3.9 University is an equal opportunity/access institution committed to diversity and inclusiveness in procurement. Affiliate is encouraged to reflect the spirit of this commitment in its business practices by: (a) participating in and encouraging major suppliers to participate in LSU sponsored outreach programs for small businesses as well as minority, women and veteran owned businesses ("DBEs"); (b) creating awareness among its suppliers that University and Affiliate encourage suppliers to make reasonable and prudent efforts to identify and provide competitive opportunities for participation by DBEs; and, (c) making reasonable and prudent efforts consistent with its unique needs as well as its fiduciary and good stewardship obligations, to identify and provide competitive opportunities for DBEs to participate in Affiliate's procurement opportunities. To assist Affiliate in its efforts, the University will make the resources of its Supplier Diversity program, including but not limited to lists of registered DBE's, personnel and information on best practices, available to Affiliate.

### **4. General Duties and Responsibilities of University**

- 4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of private funds to Affiliate;
- 4.2 Avoid action that would undermine Affiliate's status as a private entity, maintain the confidentiality of donor records and the private nature of Affiliate's books and records to the extent allowed by law;

- 4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by University and utilize funds received from Affiliate in a manner consistent with University's mission, terms and conditions imposed by testators and donors, applicable law, this Agreement and University policy; and,
- 4.4 Make available to Affiliate, at University's sole discretion, appropriate facilities, personnel, or other support pursuant to the provisions of La. R.S. 17:3390(B)(3) and as otherwise permitted by law.

## **5. Records, Internal Controls and Funds Management**

- 5.1 Recognizing the need to preserve the public trust and guard against the appearance of impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and appropriate policies, procedures and internal controls, including policies on conflicts of interest, required for the conduct of its business in accordance with applicable law, the terms of this Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations.
- 5.2 The books and records of Affiliate shall be kept in accordance with customary and current accounting standards. For the preparation of reports required by this section of this Agreement, an external accountant and/or auditor engaged to conduct such reports shall be selected from among the most recent list of certified public accountants maintained by the Louisiana Legislative Auditor.
- 5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy of this Agreement including all exhibits, schedules, and other attachments; (b) provide its auditors with access to all documents and other information relevant to this Agreement; (c) require Affiliate's chief executive officer to represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement; and, (d) rotate audit partners or firms at least every five years.
- 5.4 On a biennial basis, to commence in an Affiliate's fiscal year (commencing on or following execution of this Agreement by Affiliate) designated by the Executive Vice President, or on an annual basis if requested in writing by the LSU Executive Vice President for good cause shown, Affiliate shall separately engage an Independent Accountant (which may be the same firm conducting its financial statement audit) to perform various procedures necessary to issue an Agreed Upon Procedures report concerning items included in the Schedule of Agreed - Upon Procedures for Verification of Affiliate Compliance (Exhibit D).
- 5.5 Affiliate shall provide to the LSU Executive Vice President within 120 days of the close of Affiliate's fiscal year: (a) its audited financial statements; and (b) its Agreed Upon Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its independent auditors shall arrange to meet with representatives from the LSU Office of Internal Audit to review written findings and/or the Agreed Upon Procedures report.
- 5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and substantial audit findings. Material and substantial audit findings which have not either been

(a) resolved by management or, where appropriate, through corrective action within ninety (90) days following issuance of the annual audit, or (b) in cases where corrective action is appropriate, corrective action reasonably designed to resolve the issue has not been taken within ninety (90) days following issuance of the annual audit, shall be reported to the Audit Committee of the Board of Supervisors in writing.

- 5.7 Pursuant to a separate written Funds Management Agreement authorized and executed by University and Affiliate, University may in its discretion agree to deliver and Affiliate may agree to accept for deposit with Affiliate funds which have been donated to the University by private individuals or entities or which have been provided from the state to the University pursuant to the Board of Regents Support Fund or other programs.

## **6. Certain Disbursements and Other Transactions**

- 6.1 All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by Affiliate's Board and in accordance with its annual budget, as modified by policies and procedures adopted by Affiliate's Board. Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and shall address the content of this Agreement.
- 6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B, other than transactions and disbursements involving operational and business management matters of Affiliate itself, without first obtaining a determination of acceptable University purpose from the appropriate University authority.
- 6.3 No donation requiring a determination of acceptable University purpose shall be publicized or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the University's Board or President of LSU in accordance with University policies and procedures.
- 6.4 Requests for a determination of acceptable University purpose shall be submitted to the President of LSU or to the Board through the President as may be appropriate by the Chancellor (or equivalent) of the campus or institution for whose benefit the action is proposed, in accordance with the procedures set forth in University procedures. Any submission shall include a specific recommendation from the Chancellor or equivalent demonstrating that the proposed transaction is in support of the University and its mission.
- 6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent) and President (or designee), supplemental compensation or benefits to a University employee shall be paid through the University, not directly by Affiliate to the employee. For purposes of this section, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base university compensation and benefits approved by the Board of Supervisors for duties performed by the employee for the University.
- 6.6 To ensure compliance with La. R.S. 17:3390(F), payments of over one thousand (\$1,000) dollars for any single transaction to, or on behalf of, or to reimburse the expense of a public employee of a public higher education institution or a public employee or officer of a management board of a public higher education institution shall be periodically reviewed and



approved by the Board of Supervisors in accordance with applicable policies and procedures. Affiliate may pay or reimburse such transactions pending approval by the Board, provided that any such payments or reimbursements subsequently disapproved by the Board shall be reimbursed to the Affiliate by the public employee or officer within ninety (90) days of such disapproval.

## **7. Prohibited Expenditures, Advisory Opinions**

- 7.1 University, its employees and administrators shall not request the expenditure of funds and Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C either directly or through reimbursement.
- 7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or transaction, or the procedure by which such expenditure or transaction should be reviewed, the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from the President, through the LSU Executive Vice President. Where appropriate, the President may refer the question to the Board of Supervisors for a decision. The President may adopt guidelines to facilitate the provisions of this sub-section.

## **8. Funds Management Agreements/Commitment of University Funds**

- 8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or more agreements ("Funds Management Agreements") with other affiliates of University (that is, other non-profit organizations which are recognized pursuant to University policy) so that one affiliate will manage the funds of another affiliate. In such event, the affiliate which is agreeing to manage the funds of the other affiliate shall be known as the "Funds Owner" while the affiliate transferring the funds shall be known as the "Funds Manager."
- 8.2 Unless otherwise specifically provided for in the Funds Management Agreement, the Funds Manager shall have no internal control or audit responsibilities with respect to the Funds Owner; provided, however, that the Funds Manager shall cooperate with the Funds Owner's management and auditors with respect to such matters.
- 8.3 Where Affiliate enters into a Funds Management Agreement with an organization that has not executed an Affiliation Agreement with University, such Funds Management Agreements shall:
  - 8.3.1 Require that the funds of the Funds Owner be included in either (a) the Funds Manager's annual audit conducted pursuant to La. R.S. 17:3390 or, (b) if the Funds Manager is exempt from annual audit requirements pursuant to R.S. 17:3390, an exemption certificate and a sworn financial statement in accordance with La. R.S. 17:3390D(3)(a)-(c).
  - 8.3.2 Notify the Funds Owner of the requirements of La. R.S. 17:3390(D).
- 8.4 In connection with transactions requiring the commitment of material University resources (including the transfer of University funds), the Affiliate will enter into a written agreement outlining the structure or details of each specific transaction, excluding routine transactions;

the obligations of Affiliate, University, and any other parties; the public purpose to be achieved from such transaction; and, either a reasonable expectation that benefits to the University resulting from the transaction will equal or exceed the value of funds provided by the University or an affirmation that the value of the University funds committed to the transaction will be reimbursed, either directly or through in-kind services in accordance with the requirements of La. R.S. 17:3390(B)(3).

- 8.5 Upon written request from the LSU Executive Vice President, Affiliates that are exempt from annual audit requirements pursuant to La. R.S. 17:3390, may be required to submit a financial audit or agreed to procedures report acceptable to the University conducted in accordance with generally accepted auditing standards by an independent professional auditor or, at Affiliate's option, LSU Internal Audit personnel. In connection with any audit or agreed to procedures conducted pursuant to this section, Affiliate shall: (a) provide its auditors with a copy of this Agreement; (b) provide its auditors with access to all documents and other information relevant to this Agreement; and, (c) represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement.

## **9. Term and Termination**

- 9.1 This Agreement revises and replaces previous Affiliation Agreements between University and Affiliate. It shall take effect on the date first written above, and shall continue for a period of one year. Thereafter, it shall be automatically renewed and extended for additional one-year periods unless Affiliate gives notice to terminate pursuant to the provisions of section 9.2, or University gives notice to terminate pursuant to the provisions of section 9.3. The provisions of this section shall survive any such termination.
- 9.2 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, Affiliate may terminate this Agreement without cause by providing written notice to the University no less than six (6) months prior to the effective date of the termination.
- 9.3 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, University may terminate this Agreement for cause in the event of:
- 9.3.1 Affiliate commits a material and substantial violation of the terms of this Agreement and fails to cure such violation after being provided with at least 30 days' notice of such violation,
  - 9.3.2 Affiliate engages in or negligently allows: (a) any material and substantial misuse of Affiliate's funds, or (b) any fraudulent or other illegal activity,
  - 9.3.3 the commencement of a voluntary bankruptcy proceeding by Affiliate or the commencement of an involuntary bankruptcy proceeding against Affiliate that is not dismissed within 120 days,
  - 9.3.4 the commencement of a voluntary dissolution proceeding by Affiliate or an involuntary dissolution proceeding against Affiliate that is not dismissed within 120 days,

- 9.3.5 a transfer of the campus, institution or program supported by Affiliate to another higher education management board,
  - 9.3.6 elimination or modification of programs offered by University such that Affiliate is no longer deemed necessary to the University's mission or the Affiliate is no longer able to achieve its purpose(s), or
  - 9.3.7 the occurrence of any other material event or circumstance similar in nature to those described in subsections 9.3.1-9.3.6 which, in the reasonable judgment of the University, constitutes cause and remains uncured following thirty (30) days' notice to Affiliate.
- 9.4 Upon termination of this Agreement, Affiliate shall:
- 9.4.1 Cease to use the University's name, marks or other indicia to solicit donations or for any other purpose and shall not in any way represent to alumni, contributors, and the general public that said Affiliate is affiliated with the University or authorized to raise funds for any of the colleges, schools, departments, and divisions comprising it;
  - 9.4.2 Unless otherwise directed in writing by the University or unless otherwise required pursuant to the terms of applicable law, immediately transfer to University or another affiliate designated by University, all public funds which Affiliate holds as a depository pursuant to the provisions of section 8.0;
  - 9.4.3 Terminate any Management Agreements entered into with other University affiliates in accordance with the terms of Section 8 of this Agreement and immediately return any managed funds to the appropriate Managed Affiliate(s); and,
  - 9.4.4 Provide an accounting to University of all funds, public or private, held by Affiliate within 120 days of notice of termination unless extended in writing by mutual agreement.
- 9.5 If the Affiliate's purpose is in primary support of a single campus or institution, and the necessity for termination of this Agreement results from the transfer of the supported campus or institution to another public higher education management board ("Transferee Institution"), to the extent consistent with applicable law and prudent financial management practices, the applicable provisions of any legislation authorizing transfer of the supported campus or institution and compliance with sections 9.4.1 through 9.4.4 of this Agreement, Affiliate may effect the termination of this agreement to the extent it enters into an affiliation agreement with the Transferee Institution providing for Affiliate's ability to continue its mission of supporting the same campus or institution subject to oversight by the Transferee Institution. Preceding the transfer, there shall be a review to determine whether there is any adverse impact on the University. In the event that Affiliate enters into an affiliation agreement with a Transferee Institution pursuant to the terms of this Section, the Transferee Institution and Affiliate shall agree to indemnify, defend and hold harmless University, its members, employees and agents from and against any and all claims and liabilities associated with or in any way arising out of University's association with Affiliate and Affiliate's actions or inactions (whether past, present or future).
- 9.6 Upon dissolution of Affiliate, whether dissolution is voluntary or involuntary, subject to compliance with sections 9.4 – 9.5 of this Agreement, applicable laws and Affiliate's Articles of Incorporation and other governing documents, Affiliate shall provide for its net assets to be distributed to another nonprofit affiliated with the University as designated by the

President of LSU, unless otherwise agreed by the University and Affiliate or directed by a court of competent jurisdiction and venue, to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate's governing documents, purposes and applicable law. This paragraph shall not prejudice the rights of creditors including, without limitation, any properly approved, valid, and enforceable financing agreements executed by Affiliate.

**10. Notices, Entire Agreement, Venue**

- 10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.
- 10.2 This Agreement, including all exhibits, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.
- 10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.
- 10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

**THUS DONE AND SIGNED** this 1st day of September, 2020, by the undersigned duly authorized representatives.

For Affiliate:

For University:

By:  \_\_\_\_\_

By: \_\_\_\_\_

Name: Charles A. Landry  
Title: Board Member

Name:  
Title:

**EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT**  
**ANNUAL AFFILIATE COMPLIANCE CERTIFICATE**

Date \_\_\_\_\_

LSU Board of Supervisors

Attn: \_\_\_\_\_

Baton Rouge, Louisiana

Re: \_\_\_\_\_ ("Organization")

Annual Compliance Certificate

Members of the LSU Board of Supervisors:

In my capacity as the Chief Executive Officer (or other authorized officer) of \_\_\_\_\_, I am writing to confirm that *after making reasonable and appropriate inquiries, to the best of my knowledge, information and belief*, the following information is true and correct as of the date of this letter:

1. The Organization is required to obtain an annual financial audit in accordance with La. R.S. 17:3390. The annual financial audit for the fiscal year ending \_\_\_\_\_, conducted by an independent auditor, has been completed and a copy was provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

**OR**

The Organization is exempt from the annual audit requirements of La. R.S. 17:3390, and copies of the Organization's exemption certificate and sworn financial statement prepared in accordance with La. R.S. 17:3390D(3)(a)-(c), were provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

2. The Organization's annual tax return for the \_\_\_\_ tax year was completed and filed with IRS on \_\_\_\_\_ and a copy was delivered to your office by letter dated \_\_\_\_\_;

**OR IF APPLICABLE**

The Organization has requested an extension through \_\_\_\_\_ within which to file its annual tax return for the \_\_\_\_\_ tax year, and a copy of the return will be provided to your office upon filing;

3. A complete list of all active corporate affiliates and subsidiaries of the Organization as of this date and the purpose for which such entities have been formed is attached to this certificate as Schedule "1";

4. A complete list of all “managed organizations” as defined in the Uniform Affiliation Agreement, managed by the Organization is attached to this certificate as Schedule “2”;
5. A current list of the Organization’s officers and directors is attached to this certificate as Schedule “3”;
6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies of any proposed amendments have been provided to the Executive Vice President;
7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from taxation in accordance with Sections \_\_\_\_\_ of the Internal Revenue Code;
8. The Organization has taken all necessary action, including any filings required by the Louisiana Secretary of State and other authorities, to maintain its corporate existence and its tax-exempt status;
9. A preliminary list, which is subject to confirmation by your office, showing the type of any housing, personnel, and other support provided to Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S. 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii) number of personnel provided, and (iii) a listing of the type of any other services provided to Affiliate by University is attached to this certificate as Schedule “4”;
10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) subject to confirmation by your office, our records indicate that the total amount paid in cash to University as direct reimbursement for housing, personnel and other support was \$\_\_\_\_\_, and (ii) subject to confirmation by your office, our records indicate that the total dollar value of all property provided to the University together with all expenditures made in support of the University (exclusive of costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall be considered “in-kind” reimbursement for purposes of La. R.S. 17:3390(b)(3), was \$\_\_\_\_\_;
11. The Organization maintains and enforces a policy on conflicts of interest as well as other policies procedures and internal controls required for the conduct of its business in accordance with applicable law, the terms of the Affiliation Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations;
12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice President, the Organization has not engaged in any prohibited transactions or made any prohibited expenditures over the last fiscal year;
13. Except as previously disclosed in writing to the Audit Committee of the Board of Supervisors, the Organization resolved or will resolve any material and substantial audit findings within

90 days of the issuance of its annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14. The Organization has provided a copy of its current Affiliation Agreement and access to all documents and other information relevant to the Affiliation Agreement to its independent auditors, if applicable, for use in the evaluation of our internal controls and determining compliance with the Affiliation Agreement in connection with transactions reviewed by the auditors in the course of their work. The Organization has represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement; and,
15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was provided to your office by letter dated \_\_\_\_\_.

Sincerely,

\_\_\_\_\_

Name:

Title:

**Schedule 1 to Annual Affiliate Compliance Certificate**  
**List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 2 to Annual Affiliate Compliance Certificate**  
**List of "Managed Organizations"**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 3 to Annual Affiliate Compliance Certificate**  
**List of "Affiliate's Officers and Directors"**

**Schedule 4 to Annual Affiliate Compliance Certificate**  
**List of Housing, Personnel, and Other Support Provided to Affiliate by University**

**Schedule 5 to Annual Affiliate Compliance Certificate**  
**List of Support Provided by Affiliate to the University**



**EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT**  
**TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE**

1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall not undertake the following transactions and disbursements without first obtaining a determination of acceptable University purpose by the President or his designee unless (i) approval by the University's Board is required by the Board's by-laws or applicable law, or (ii) the President, in the exercise of his discretion determines that consideration of the matter at issue by the University's Board is appropriate:
  - A. Knowingly accepting any donation which either: contains a condition or imposes or purports to impose an obligation on the University, the fulfillment of which would require the University to undertake actions not previously taken or approvals not previously granted by the University in accordance with applicable policies and procedures without an express written provision indicating that the acceptance by Affiliate is conditioned on the acceptance of the conditions or obligations by the University's Board or President in accordance with University policies and procedures and the terms of this Agreement;
  - B. Accepting any donation of immovable property intended to be (a) retained by the Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or otherwise occupied by a component of the University;
  - C. Purchasing any immovable property with a fair market value of \$500,000 or more, except property which will serve as the primary location of Affiliate's administrative offices; provided that this shall not prohibit decisions by Affiliate's Board relating to reasonable and prudent investments for the Affiliate's benefit;
  - D. Selling, donating, or otherwise transferring any immovable property which was acquired for use by the University, without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - E. Leasing any immovable property, facility, or portion of a facility which is expected to be occupied by the University for a period of one year or longer without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - F. Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity; and,
  - G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least thirty (30) days advance written notice (unless a shorter period for the notice is approved in writing by the Executive Vice President) to the LSU Executive Vice President. If any such legal entities are created, affiliate shall either: (i) if available, present the financial activities of each such subsidiary in discrete schedules attached to Affiliate's financial statements, or (ii) if such discrete schedules are not available, provide University with copies of the tax returns of each such subsidiary.
  
2. The following disbursements and transactions require approval in accordance with policies and procedures mutually agreed to by University and Affiliate:
  - A. Reasonable moving expenses and reasonable relocation expenses of a University employee covered by PM 13; and,

B. Reasonable travel, moving, relocation, entertainment, educational benefits or reimbursements may be paid to a University employee (or authorized traveler). Such payments may be made for such expenses within and above state limits when specifically approved by appropriate University administrators in accordance with University policy. Pending further specification of University policy, such expenses require approval of the employee's dean, vice chancellor or other equivalent administrative official, or their designee.

3. Contracts (or other agreements, including employment agreements) and subsequent amendments between Affiliate and a University employee should be recommended by the Chancellor (or equivalent) and approved in accordance with University policy, including approval by the Board of Supervisors, where applicable. Justification for such contracts should be in writing and demonstrate that the employee's duties are not those which the employee should perform directly for the University. These requirements shall be in addition to those of University's PM-11.

**EXHIBIT C TO UNIFORM AFFILIATION AGREEMENT**  
**PROHIBITED EXPENDITURES**

1. Submission of a written request for reimbursement or direct payment of an expense by or on behalf of a University employee shall constitute a **good faith** representation by University employees and administrators whose signatures appear on such request that (a) the Affiliate's expenditure of funds as requested is consistent with applicable University policies, applicable law and the terms of this Agreement, and (b) where expenditures involve the disbursement of donor restricted funds, that the **purpose for which the expenditure has been requested** is consistent with donor intent. For purposes of evaluating Affiliate's compliance with the terms of this Agreement, Affiliate may **reasonably** rely upon such representations.<sup>1</sup>
  
2. University, its employees and administrators shall not request the expenditure of funds, and Affiliate shall not expend funds for any of the following purposes, either directly or through reimbursement:
  - A. Solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business), unless approved in accordance with section 2 of Exhibit B and section 6.3 of the Agreement;
  - B. For any fines, penalties, or forfeitures of a University employee;
  - C. For any gift which is represented to be personally from a University employee in his or her personal capacity;
  - D. For political contributions, including payments to political action committees;
  - E. For any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion that the expenditure is either (i) lavish or extravagant, or (ii) the benefit to the individual University employee outweighs the benefit to the University;
  - F. Where payment of the expenditure would violate the Louisiana Code of Ethics;
  - G. For any purpose other than as authorized in the Agreement or through written amendment or clarification of this Agreement signed by both Affiliate and the President of University, except on the specific written recommendation of the Chancellor or equivalent (for himself/herself and those under his/her supervision) and specific written approval of the President;
  - H. For any purpose which is not consistent with Affiliate's tax exempt mission and the purpose(s) stated in section 1.1 of the Agreement.
  - I. Any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

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<sup>1</sup> The concept of "reasonable reliance" as applied to Affiliate's review of requests for expenditures submitted by the University or University personnel permits Affiliate to rely on an implied representation that such requests are consistent with University policies and procedures and the terms of this Agreement, except where, for example: (a) Affiliate has knowledge of facts indicating that representations implied in the request are not accurate, or (b) necessary documentation has not been submitted to support the request, or (c) documentation submitted in connection with the request is incomplete, inconsistent or inaccurate on its face.

**EXHIBIT D TO UNIFORM AFFILIATION AGREEMENT**  
**SCHEDULE OF AGREED-UPON PROCEDURES**  
**For**  
**AFFILIATE VERIFICATION OF COMPLIANCE**  
**WITH UNIFORM AFFILIATION AGREEMENT**

Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report regarding findings based on the following:

1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy. The policy shall require that any unresolved issues be reported to the Audit Committee of the LSU Board of Supervisors consistent with Sub-section 5.6.
2. Confirm that Affiliate's governing board has established and implemented policies governing conflicts of interest by observing a copy of such policy.
3. Obtain an understanding of the internal controls in place over cash disbursements and expenditures for the period in question. On a sample of items, inspect written evidence of the internal controls and support for each transaction to determine if Affiliate has designed and implemented procedures related to the following UAA provisions:
  - Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid directly to a University employee has written approval by the Chancellor or equivalent and the President of LSU.
  - Payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee's dean, vice chancellor, or other equivalent administrative official approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments for moving and relocation expenses of University employees covered by PM 13 have been approved in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.
  - Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.

- Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.
- Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.
- Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.
- Funds have been not disbursed for any purpose which is not consistent with Affiliate's tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.
- Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

The proposed sample size will be provided to the LSU Executive Vice President for review and comment at least 15 days prior to the engagement. Unless otherwise mutually agreed to by Affiliate and the Executive Vice President for good cause shown, the sample size shall not exceed the fewer of 10% of Affiliate's annual transactions or 50 transactions.

4. Obtain a written representation from the Affiliate that, in accordance with Section 5.3 of the UAA, Affiliate has (a) provided the Auditor with a copy of its current UAA including any amendments thereto; (b) provided the Auditor with access to all documents and other information relevant to the UAA; and, (c) represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the UAA.



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## Board of Supervisors

### Recommendation to Approve an Affiliation Agreement with the LSU Real Estate and Facilities Foundation

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1

- J. Any affiliation agreement with a private non-profit foundation formed to support the programs, facilities, and research and educational opportunities offered by one or more campuses of the University, or the University as a whole.

#### 2. Summary of Matter

At its March 6, 2020 meeting, the Board of Supervisors approved a new Uniform Affiliation Agreement (UAA) template. The affiliation agreement outlines the general duties and responsibilities of both the University and the Affiliate. The template approved in March made a number of revisions and edits to the agreement, including providing for a more transparent and straightforward procedure to monitor compliance with the terms of the agreement. The university is now recommending approval of affiliation agreements with existing affiliates in the new UAA template.

#### 3. Review of Business Plan

Not Applicable

#### 4. Fiscal Impact

There is no fiscal impact expected from the amended Affiliation Agreement.

#### 5. Description of Competitive Process

Not Applicable

#### 6. Review of Legal Documents

Not Applicable

#### 7. Parties of Interest

LSU, LSU Foundation, and the LSU Real Estate and Facilities Foundation.

#### 8. Related Transactions

Not Applicable

**9. Conflicts of Interest**

None.

**10. Attachments**

1. Affiliation Agreement with the LSU Real Estate and Facilities Foundation

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors authorizes the President to execute the affiliation agreement with the LSU Real Estate and Facilities Foundation, as presented.

## Uniform Affiliation Agreement

This Agreement is made and entered into effective as of the 11th day of September, 2020, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (“University”) and LSU Real Estate and Facilities Foundation (“Affiliate”).

**WHEREAS**, as stated in La. R.S. 17:3390(A), the Legislature has found and University recognizes that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions;

**WHEREAS**, as further stated in La. R.S. 17:3390(A), the Legislature encourages higher education management boards and institutions to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education;

**WHEREAS**, after considering the proposed mission and purpose of Affiliate, University has determined that Affiliate’s activities will support or enhance one or more of the programs, facilities, research and educational opportunities offered by University;

**WHEREAS**, because of the close association of Affiliate with the University, it is prudent and beneficial to have a clear statement, agreed upon by the parties, of the respective responsibilities, requirements, authority, and relationship of the University and Affiliate while preserving the private and independent legal status of the Affiliate:

### 1. Affiliate Purpose and Status

- 1.1 Affiliate’s purpose(s) shall be as defined in the Affiliate’s Articles of Incorporation. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall likewise be consistent with the institutional mission and activities of University as defined by the University. In order to prevent the unnecessary duplication of activities among University affiliates, any proposed material change in Affiliate’s authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU’s Executive Vice President for Finance and Administration and CFO (“LSU Executive Vice President”) with a copy delivered to the Chair of the Board of Supervisors.
- 1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the LSU Executive Vice President of any proposed material change in Affiliate’s Articles of Incorporation or Bylaws.
- 1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been recognized as and shall maintain its status as an organization exempt from taxation under Section 501(c) of the Internal Revenue Code.
- 1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed as to invalidate or restrict Affiliate’s private and independent legal status.



## 2. Governance

- 2.1 To ensure that Affiliate's status as a private entity is recognized and maintained in accordance with La. R.S. 17:3390(B), Affiliate shall meet the following criteria:
  - 2.1.1 Affiliate shall be under the management and control of a board of directors ("Affiliate's Board") elected by the members or shareholders of Affiliate.
  - 2.1.2 A majority of the voting members of Affiliate's Board shall consist of individuals who are not members or employees of a Louisiana higher education management board; and,
  - 2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and other support furnished to Affiliate by any institution of higher education.
- 2.2 Members of Affiliate Boards
  - 2.2.1 The President of LSU, or his designee, shall be a non-voting *ex officio* member of Affiliate's Board and of the Executive Committee of such Board (or equivalent). To promote compliance with Affiliate's policy on conflicts of interest, and ensure that appropriate disclosures are made and facilitate an understanding of Affiliate's business, the President of LSU will provide Affiliate with reasonable advance notice identifying individuals designated to attend meetings in his place and will endeavor to utilize a single individual as his designee.
  - 2.2.2 The Chairman of the Board of Supervisors, in consultation with members of the Board of Supervisors and Chairman of the Affiliate Board, shall have the right to recommend a list of members of the Board of Supervisors as potential candidates to Affiliate for election to Affiliate's Board as non-voting members. Affiliate agrees that at all times, excluding instances associated with temporary vacancies created by death, resignation or similar causes, at least one member of its Board, shall be elected from the recommended candidates.
  - 2.2.3 Designation of the President of LSU (or his designee) and Affiliate's election of an individual nominated by the Chairman of the Board of Supervisors to serve as a member of Affiliate's Board and/or Executive Committee is not intended to and shall not be deemed a waiver of the privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390.
- 2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or equivalent shall, at a minimum, be given notice of and the ability to attend and participate as a non-voting, *ex officio* member in meetings of the Affiliate's Board and Executive Committee.
- 2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access to all books and records of Affiliate in accordance with its generally applicable confidentiality and non-disclosure policies, provided that members who are or may be deemed "public servants," as defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate's books and records. Requests for access to books and records shall be made via written request directed to Affiliate's Chief Executive Officer.

### **3. General Duties and Responsibilities of Affiliate**

- 3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate’s Articles of Incorporation and tax-exempt purpose.
- 3.2 Support and promote the mission and activities of the University.
- 3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of interest and ensure that Affiliate’s assets do not directly or indirectly unduly benefit any individual or other person.
- 3.4 Solicit and accept things of value of all kinds consistent with applicable law.
- 3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and bequests in accordance with donor intent, applicable law and applicable University and Affiliate policies and procedures.
- 3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses incidental to the conduct of the affairs of Affiliate.
- 3.7 Within 120 days following the close of Affiliate’s fiscal year, unless an extension is granted by the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A) and materials referenced therein, to the LSU Executive Vice President.
- 3.8 Subject to any limitations imposed by contracts among the University and third parties and applicable University policies, the Affiliate may be granted the right by University to utilize its “licensed marks” on a royalty free basis for its activities in support of LSU. Affiliate must adhere to the Louisiana State University Brand Identity.
- 3.9 University is an equal opportunity/access institution committed to diversity and inclusiveness in procurement. Affiliate is encouraged to reflect the spirit of this commitment in its business practices by: (a) participating in and encouraging major suppliers to participate in LSU sponsored outreach programs for small businesses as well as minority, women and veteran owned businesses (“DBEs”); (b) creating awareness among its suppliers that University and Affiliate encourage suppliers to make reasonable and prudent efforts to identify and provide competitive opportunities for participation by DBEs; and, (c) making reasonable and prudent efforts consistent with its unique needs as well as its fiduciary and good stewardship obligations, to identify and provide competitive opportunities for DBEs to participate in Affiliate’s procurement opportunities. To assist Affiliate in its efforts, the University will make the resources of its Supplier Diversity program, including but not limited to lists of registered DBE’s, personnel and information on best practices, available to Affiliate.

### **4. General Duties and Responsibilities of University**

- 4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of private funds to Affiliate;
- 4.2 Avoid action that would undermine Affiliate’s status as a private entity, maintain the confidentiality of donor records and the private nature of Affiliate’s books and records to the extent allowed by law;

- 4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by University and utilize funds received from Affiliate in a manner consistent with University's mission, terms and conditions imposed by testators and donors, applicable law, this Agreement and University policy; and,
- 4.4 Make available to Affiliate, at University's sole discretion, appropriate facilities, personnel, or other support pursuant to the provisions of La. R.S. 17:3390(B)(3) and as otherwise permitted by law.

## **5. Records, Internal Controls and Funds Management**

- 5.1 Recognizing the need to preserve the public trust and guard against the appearance of impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and appropriate policies, procedures and internal controls, including policies on conflicts of interest, required for the conduct of its business in accordance with applicable law, the terms of this Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations.
- 5.2 The books and records of Affiliate shall be kept in accordance with customary and current accounting standards. For the preparation of reports required by this section of this Agreement, an external accountant and/or auditor engaged to conduct such reports shall be selected from among the most recent list of certified public accountants maintained by the Louisiana Legislative Auditor.
- 5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy of this Agreement including all exhibits, schedules, and other attachments; (b) provide its auditors with access to all documents and other information relevant to this Agreement; (c) require Affiliate's chief executive officer to represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement; and, (d) rotate audit partners or firms at least every five years.
- 5.4 On a biennial basis, to commence in an Affiliate's fiscal year (commencing on or following execution of this Agreement by Affiliate) designated by the Executive Vice President, or on an annual basis if requested in writing by the LSU Executive Vice President for good cause shown, Affiliate shall separately engage an Independent Accountant (which may be the same firm conducting its financial statement audit) to perform various procedures necessary to issue an Agreed Upon Procedures report concerning items included in the Schedule of Agreed - Upon Procedures for Verification of Affiliate Compliance (Exhibit D).
- 5.5 Affiliate shall provide to the LSU Executive Vice President within 120 days of the close of Affiliate's fiscal year: (a) its audited financial statements; and (b) its Agreed Upon Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its independent auditors shall arrange to meet with representatives from the LSU Office of Internal Audit to review written findings and/or the Agreed Upon Procedures report.
- 5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and substantial audit findings. Material and substantial audit findings which have not either been

(a) resolved by management or, where appropriate, through corrective action within ninety (90) days following issuance of the annual audit, or (b) in cases where corrective action is appropriate, corrective action reasonably designed to resolve the issue has not been taken within ninety (90) days following issuance of the annual audit, shall be reported to the Audit Committee of the Board of Supervisors in writing.

- 5.7 Pursuant to a separate written Funds Management Agreement authorized and executed by University and Affiliate, University may in its discretion agree to deliver and Affiliate may agree to accept for deposit with Affiliate funds which have been donated to the University by private individuals or entities or which have been provided from the state to the University pursuant to the Board of Regents Support Fund or other programs.

## **6. Certain Disbursements and Other Transactions**

- 6.1 All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by Affiliate's Board and in accordance with its annual budget, as modified by policies and procedures adopted by Affiliate's Board. Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and shall address the content of this Agreement.
- 6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B, other than transactions and disbursements involving operational and business management matters of Affiliate itself, without first obtaining a determination of acceptable University purpose from the appropriate University authority.
- 6.3 No donation requiring a determination of acceptable University purpose shall be publicized or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the University's Board or President of LSU in accordance with University policies and procedures.
- 6.4 Requests for a determination of acceptable University purpose shall be submitted to the President of LSU or to the Board through the President as may be appropriate by the Chancellor (or equivalent) of the campus or institution for whose benefit the action is proposed, in accordance with the procedures set forth in University procedures. Any submission shall include a specific recommendation from the Chancellor or equivalent demonstrating that the proposed transaction is in support of the University and its mission.
- 6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent) and President (or designee), supplemental compensation or benefits to a University employee shall be paid through the University, not directly by Affiliate to the employee. For purposes of this section, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base university compensation and benefits approved by the Board of Supervisors for duties performed by the employee for the University.
- 6.6 To ensure compliance with La. R.S. 17:3390(F), payments of over one thousand (\$1,000) dollars for any single transaction to, or on behalf of, or to reimburse the expense of a public employee of a public higher education institution or a public employee or officer of a management board of a public higher education institution shall be periodically reviewed and

approved by the Board of Supervisors in accordance with applicable policies and procedures. Affiliate may pay or reimburse such transactions pending approval by the Board, provided that any such payments or reimbursements subsequently disapproved by the Board shall be reimbursed to the Affiliate by the public employee or officer within ninety (90) days of such disapproval.

## **7. Prohibited Expenditures, Advisory Opinions**

- 7.1 University, its employees and administrators shall not request the expenditure of funds and Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C either directly or through reimbursement.
- 7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or transaction, or the procedure by which such expenditure or transaction should be reviewed, the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from the President, through the LSU Executive Vice President. Where appropriate, the President may refer the question to the Board of Supervisors for a decision. The President may adopt guidelines to facilitate the provisions of this sub-section.

## **8. Funds Management Agreements/Commitment of University Funds**

- 8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or more agreements (“Funds Management Agreements”) with other affiliates of University (that is, other non-profit organizations which are recognized pursuant to University policy) so that one affiliate will manage the funds of another affiliate. In such event, the affiliate which is agreeing to manage the funds of the other affiliate shall be known as the “Funds Owner” while the affiliate transferring the funds shall be known as the “Funds Manager.”
- 8.2 Unless otherwise specifically provided for in the Funds Management Agreement, the Funds Manager shall have no internal control or audit responsibilities with respect to the Funds Owner; provided, however, that the Funds Manager shall cooperate with the Funds Owner’s management and auditors with respect to such matters.
- 8.3 Where Affiliate enters into a Funds Management Agreement with an organization that has not executed an Affiliation Agreement with University, such Funds Management Agreements shall:
  - 8.3.1 Require that the funds of the Funds Owner be included in either (a) the Funds Manager’s annual audit conducted pursuant to La. R.S. 17:3390 or, (b) if the Funds Manager is exempt from annual audit requirements pursuant to R.S. 17:3390, an exemption certificate and a sworn financial statement in accordance with La. R.S. 17:3390D(3)(a)-(c).
  - 8.3.2 Notify the Funds Owner of the requirements of La. R.S. 17:3390(D).
- 8.4 In connection with transactions requiring the commitment of material University resources (including the transfer of University funds), the Affiliate will enter into a written agreement outlining the structure or details of each specific transaction, excluding routine transactions;

the obligations of Affiliate, University, and any other parties; the public purpose to be achieved from such transaction; and, either a reasonable expectation that benefits to the University resulting from the transaction will equal or exceed the value of funds provided by the University or an affirmation that the value of the University funds committed to the transaction will be reimbursed, either directly or through in-kind services in accordance with the requirements of La. R.S. 17:3390(B)(3).

- 8.5 Upon written request from the LSU Executive Vice President, Affiliates that are exempt from annual audit requirements pursuant to La. R.S. 17:3390, may be required to submit a financial audit or agreed to procedures report acceptable to the University conducted in accordance with generally accepted auditing standards by an independent professional auditor or, at Affiliate's option, LSU Internal Audit personnel. In connection with any audit or agreed to procedures conducted pursuant to this section, Affiliate shall: (a) provide its auditors with a copy of this Agreement; (b) provide its auditors with access to all documents and other information relevant to this Agreement; and, (c) represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement.

## **9. Term and Termination**

- 9.1 This Agreement revises and replaces previous Affiliation Agreements between University and Affiliate. It shall take effect on the date first written above, and shall continue for a period of one year. Thereafter, it shall be automatically renewed and extended for additional one-year periods unless Affiliate gives notice to terminate pursuant to the provisions of section 9.2, or University gives notice to terminate pursuant to the provisions of section 9.3. The provisions of this section shall survive any such termination.
- 9.2 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, Affiliate may terminate this Agreement without cause by providing written notice to the University no less than six (6) months prior to the effective date of the termination.
- 9.3 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, University may terminate this Agreement for cause in the event of:
- 9.3.1 Affiliate commits a material and substantial violation of the terms of this Agreement and fails to cure such violation after being provided with at least 30 days' notice of such violation,
  - 9.3.2 Affiliate engages in or negligently allows: (a) any material and substantial misuse of Affiliate's funds, or (b) any fraudulent or other illegal activity,
  - 9.3.3 the commencement of a voluntary bankruptcy proceeding by Affiliate or the commencement of an involuntary bankruptcy proceeding against Affiliate that is not dismissed within 120 days,
  - 9.3.4 the commencement of a voluntary dissolution proceeding by Affiliate or an involuntary dissolution proceeding against Affiliate that is not dismissed within 120 days,

- 9.3.5 a transfer of the campus, institution or program supported by Affiliate to another higher education management board,
  - 9.3.6 elimination or modification of programs offered by University such that Affiliate is no longer deemed necessary to the University's mission or the Affiliate is no longer able to achieve its purpose(s), or
  - 9.3.7 the occurrence of any other material event or circumstance similar in nature to those described in subsections 9.3.1-9.3.6 which, in the reasonable judgment of the University, constitutes cause and remains uncured following thirty (30) days' notice to Affiliate.
- 9.4 Upon termination of this Agreement, Affiliate shall:
- 9.4.1 Cease to use the University's name, marks or other indicia to solicit donations or for any other purpose and shall not in any way represent to alumni, contributors, and the general public that said Affiliate is affiliated with the University or authorized to raise funds for any of the colleges, schools, departments, and divisions comprising it;
  - 9.4.2 Unless otherwise directed in writing by the University or unless otherwise required pursuant to the terms of applicable law, immediately transfer to University or another affiliate designated by University, all public funds which Affiliate holds as a depository pursuant to the provisions of section 8.0;
  - 9.4.3 Terminate any Management Agreements entered into with other University affiliates in accordance with the terms of Section 8 of this Agreement and immediately return any managed funds to the appropriate Managed Affiliate(s); and,
  - 9.4.4 Provide an accounting to University of all funds, public or private, held by Affiliate within 120 days of notice of termination unless extended in writing by mutual agreement.
- 9.5 If the Affiliate's purpose is in primary support of a single campus or institution, and the necessity for termination of this Agreement results from the transfer of the supported campus or institution to another public higher education management board ("Transferee Institution"), to the extent consistent with applicable law and prudent financial management practices, the applicable provisions of any legislation authorizing transfer of the supported campus or institution and compliance with sections 9.4.1 through 9.4.4 of this Agreement, Affiliate may effect the termination of this agreement to the extent it enters into an affiliation agreement with the Transferee Institution providing for Affiliate's ability to continue its mission of supporting the same campus or institution subject to oversight by the Transferee Institution. Preceding the transfer, there shall be a review to determine whether there is any adverse impact on the University. In the event that Affiliate enters into an affiliation agreement with a Transferee Institution pursuant to the terms of this Section, the Transferee Institution and Affiliate shall agree to indemnify, defend and hold harmless University, its members, employees and agents from and against any and all claims and liabilities associated with or in any way arising out of University's association with Affiliate and Affiliate's actions or inactions (whether past, present or future).
- 9.6 Upon dissolution of Affiliate, whether dissolution is voluntary or involuntary, subject to compliance with sections 9.4 – 9.5 of this Agreement, applicable laws and Affiliate's Articles of Incorporation and other governing documents, Affiliate shall provide for its net assets to be distributed to another nonprofit affiliated with the University as designated by the

President of LSU, unless otherwise agreed by the University and Affiliate or directed by a court of competent jurisdiction and venue, to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate's governing documents, purposes and applicable law. This paragraph shall not prejudice the rights of creditors including, without limitation, any properly approved, valid, and enforceable financing agreements executed by Affiliate.

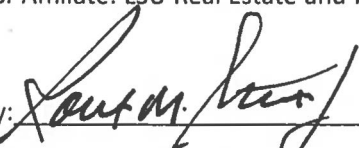
**10. Notices, Entire Agreement, Venue**

- 10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.
- 10.2 This Agreement, including all exhibits, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.
- 10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.
- 10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

**THUS DONE AND SIGNED** on the indicated dates by the undersigned duly authorized representatives.

For Affiliate: LSU Real Estate and Facilities Foundation

For University:

By:  \_\_\_\_\_

By: \_\_\_\_\_

Name: Robert M. Stuart, Jr.

Name: Thomas C. Galligan, Jr.

Title: Executive Director

Title: President

Date: 9/03/2020

Date: \_\_\_\_\_



**EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT**  
**ANNUAL AFFILIATE COMPLIANCE CERTIFICATE**

Date \_\_\_\_\_

LSU Board of Supervisors

Attn: \_\_\_\_\_

Baton Rouge, Louisiana

Re: \_\_\_\_\_ (“Organization”)

Annual Compliance Certificate

Members of the LSU Board of Supervisors:

In my capacity as the Chief Executive Officer (or other authorized officer) of \_\_\_\_\_, I am writing to confirm that *after making reasonable and appropriate inquiries, to the best of my knowledge, information and belief*, the following information is true and correct as of the date of this letter:

1. The Organization is required to obtain an annual financial audit in accordance with La. R.S. 17:3390. The annual financial audit for the fiscal year ending \_\_\_\_\_, conducted by an independent auditor, has been completed and a copy was provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

**OR**

The Organization is exempt from the annual audit requirements of La. R.S. 17:3390, and copies of the Organization’s exemption certificate and sworn financial statement prepared in accordance with La. R.S. 17:3390D(3)(a)-(c), were provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

2. The Organization’s annual tax return for the \_\_\_\_ tax year was completed and filed with IRS on \_\_\_\_\_ and a copy was delivered to your office by letter dated \_\_\_\_\_;

**OR IF APPLICABLE**

The Organization has requested an extension through \_\_\_\_\_ within which to file its annual tax return for the \_\_\_\_\_ tax year, and a copy of the return will be provided to your office upon filing;

3. A complete list of all active corporate affiliates and subsidiaries of the Organization as of this date and the purpose for which such entities have been formed is attached to this certificate as Schedule “1”;

4. A complete list of all “managed organizations” as defined in the Uniform Affiliation Agreement, managed by the Organization is attached to this certificate as Schedule “2”;
5. A current list of the Organization’s officers and directors is attached to this certificate as Schedule “3”;
6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies of any proposed amendments have been provided to the Executive Vice President;
7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from taxation in accordance with Sections \_\_\_\_\_ of the Internal Revenue Code;
8. The Organization has taken all necessary action, including any filings required by the Louisiana Secretary of State and other authorities, to maintain its corporate existence and its tax-exempt status;
9. A preliminary list, which is subject to confirmation by your office, showing the type of any housing, personnel, and other support provided to Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S. 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii) number of personnel provided, and (iii) a listing of the type of any other services provided to Affiliate by University is attached to this certificate as Schedule “4”;
10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) subject to confirmation by your office, our records indicate that the total amount paid in cash to University as direct reimbursement for housing, personnel and other support was \$\_\_\_\_\_, and (ii) subject to confirmation by your office, our records indicate that the total dollar value of all property provided to the University together with all expenditures made in support of the University (exclusive of costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall be considered “in-kind” reimbursement for purposes of La. R.S. 17:3390(b)(3), was \$\_\_\_\_\_;
11. The Organization maintains and enforces a policy on conflicts of interest as well as other policies procedures and internal controls required for the conduct of its business in accordance with applicable law, the terms of the Affiliation Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations;
12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice President, the Organization has not engaged in any prohibited transactions or made any prohibited expenditures over the last fiscal year;
13. Except as previously disclosed in writing to the Audit Committee of the Board of Supervisors, the Organization resolved or will resolve any material and substantial audit findings within

90 days of the issuance of its annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14. The Organization has provided a copy of its current Affiliation Agreement and access to all documents and other information relevant to the Affiliation Agreement to its independent auditors, if applicable, for use in the evaluation of our internal controls and determining compliance with the Affiliation Agreement in connection with transactions reviewed by the auditors in the course of their work. The Organization has represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement; and,
15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was provided to your office by letter dated \_\_\_\_\_.

Sincerely,

\_\_\_\_\_

Name:

Title:

**Schedule 1 to Annual Affiliate Compliance Certificate**  
**List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities**

<b><u>Name of Entity</u></b>	<b><u>Type of Entity and Purpose</u></b>
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**Schedule 2 to Annual Affiliate Compliance Certificate**  
**List of "Managed Organizations"**

<b><u>Name of Entity</u></b>	<b><u>Type of Entity and Purpose</u></b>
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**Schedule 3 to Annual Affiliate Compliance Certificate**  
**List of "Affiliate's Officers and Directors"**

**Schedule 4 to Annual Affiliate Compliance Certificate**  
**List of Housing, Personnel, and Other Support Provided to Affiliate by University**

**Schedule 5 to Annual Affiliate Compliance Certificate**  
**List of Support Provided by Affiliate to the University**

**EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT**  
**TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE**

1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall not undertake the following transactions and disbursements without first obtaining a determination of acceptable University purpose by the President or his designee unless (i) approval by the University's Board is required by the Board's by-laws or applicable law, or (ii) the President, in the exercise of his discretion determines that consideration of the matter at issue by the University's Board is appropriate:
  - A. Knowingly accepting any donation which either: contains a condition or imposes or purports to impose an obligation on the University, the fulfillment of which would require the University to undertake actions not previously taken or approvals not previously granted by the University in accordance with applicable policies and procedures without an express written provision indicating that the acceptance by Affiliate is conditioned on the acceptance of the conditions or obligations by the University's Board or President in accordance with University policies and procedures and the terms of this Agreement;
  - B. Accepting any donation of immovable property intended to be (a) retained by the Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or otherwise occupied by a component of the University;
  - C. Purchasing any immovable property with a fair market value of \$500,000 or more, except property which will serve as the primary location of Affiliate's administrative offices; provided that this shall not prohibit decisions by Affiliate's Board relating to reasonable and prudent investments for the Affiliate's benefit;
  - D. Selling, donating, or otherwise transferring any immovable property which was acquired for use by the University, without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - E. Leasing any immovable property, facility, or portion of a facility which is expected to be occupied by the University for a period of one year or longer without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - F. Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity; and,
  - G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least thirty (30) days advance written notice (unless a shorter period for the notice is approved in writing by the Executive Vice President) to the LSU Executive Vice President. If any such legal entities are created, affiliate shall either: (i) if available, present the financial activities of each such subsidiary in discrete schedules attached to Affiliate's financial statements, or (ii) if such discrete schedules are not available, provide University with copies of the tax returns of each such subsidiary.
  
2. The following disbursements and transactions require approval in accordance with policies and procedures mutually agreed to by University and Affiliate:
  - A. Reasonable moving expenses and reasonable relocation expenses of a University employee covered by PM 13; and,

B. Reasonable travel, moving, relocation, entertainment, educational benefits or reimbursements may be paid to a University employee (or authorized traveler). Such payments may be made for such expenses within and above state limits when specifically approved by appropriate University administrators in accordance with University policy. Pending further specification of University policy, such expenses require approval of the employee's dean, vice chancellor or other equivalent administrative official, or their designee.

3. Contracts (or other agreements, including employment agreements) and subsequent amendments between Affiliate and a University employee should be recommended by the Chancellor (or equivalent) and approved in accordance with University policy, including approval by the Board of Supervisors, where applicable. Justification for such contracts should be in writing and demonstrate that the employee's duties are not those which the employee should perform directly for the University. These requirements shall be in addition to those of University's PM-11.

**EXHIBIT C TO UNIFORM AFFILIATION AGREEMENT**  
**PROHIBITED EXPENDITURES**

1. Submission of a written request for reimbursement or direct payment of an expense by or on behalf of a University employee shall constitute a **good faith** representation by University employees and administrators whose signatures appear on such request that (a) the Affiliate's expenditure of funds as requested is consistent with applicable University policies, applicable law and the terms of this Agreement, and (b) where expenditures involve the disbursement of donor restricted funds, that the **purpose for which the expenditure has been requested** is consistent with donor intent. For purposes of evaluating Affiliate's compliance with the terms of this Agreement, Affiliate may **reasonably** rely upon such representations.<sup>1</sup>
  
2. University, its employees and administrators shall not request the expenditure of funds, and Affiliate shall not expend funds for any of the following purposes, either directly or through reimbursement:
  - A. Solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business), unless approved in accordance with section 2 of Exhibit B and section 6.3 of the Agreement;
  - B. For any fines, penalties, or forfeitures of a University employee;
  - C. For any gift which is represented to be personally from a University employee in his or her personal capacity;
  - D. For political contributions, including payments to political action committees;
  - E. For any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion that the expenditure is either (i) lavish or extravagant, or (ii) the benefit to the individual University employee outweighs the benefit to the University;
  - F. Where payment of the expenditure would violate the Louisiana Code of Ethics;
  - G. For any purpose other than as authorized in the Agreement or through written amendment or clarification of this Agreement signed by both Affiliate and the President of University, except on the specific written recommendation of the Chancellor or equivalent (for himself/herself and those under his/her supervision) and specific written approval of the President;
  - H. For any purpose which is not consistent with Affiliate's tax exempt mission and the purpose(s) stated in section 1.1 of the Agreement.
  - I. Any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

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<sup>1</sup> The concept of "reasonable reliance" as applied to Affiliate's review of requests for expenditures submitted by the University or University personnel permits Affiliate to rely on an implied representation that such requests are consistent with University policies and procedures and the terms of this Agreement, except where, for example: (a) Affiliate has knowledge of facts indicating that representations implied in the request are not accurate, or (b) necessary documentation has not been submitted to support the request, or (c) documentation submitted in connection with the request is incomplete, inconsistent or inaccurate on its face.

**EXHIBIT D TO UNIFORM AFFILIATION AGREEMENT**  
**SCHEDULE OF AGREED-UPON PROCEDURES**  
**For**  
**AFFILIATE VERIFICATION OF COMPLIANCE**  
**WITH UNIFORM AFFILIATION AGREEMENT**

Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report regarding findings based on the following:

1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy. The policy shall require that any unresolved issues be reported to the Audit Committee of the LSU Board of Supervisors consistent with Sub-section 5.6.
2. Confirm that Affiliate's governing board has established and implemented policies governing conflicts of interest by observing a copy of such policy.
3. Obtain an understanding of the internal controls in place over cash disbursements and expenditures for the period in question. On a sample of items, inspect written evidence of the internal controls and support for each transaction to determine if Affiliate has designed and implemented procedures related to the following UAA provisions:
  - Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid directly to a University employee has written approval by the Chancellor or equivalent and the President of LSU.
  - Payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee's dean, vice chancellor, or other equivalent administrative official approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments for moving and relocation expenses of University employees covered by PM 13 have been approved in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.
  - Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.



- Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.
- Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.
- Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.
- Funds have been not disbursed for any purpose which is not consistent with Affiliate's tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.
- Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

The proposed sample size will be provided to the LSU Executive Vice President for review and comment at least 15 days prior to the engagement. Unless otherwise mutually agreed to by Affiliate and the Executive Vice President for good cause shown, the sample size shall not exceed the fewer of 10% of Affiliate's annual transactions or 50 transactions.

4. Obtain a written representation from the Affiliate that, in accordance with Section 5.3 of the UAA, Affiliate has (a) provided the Auditor with a copy of its current UAA including any amendments thereto; (b) provided the Auditor with access to all documents and other information relevant to the UAA; and, (c) represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the UAA.



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## Board of Supervisors

### Recommendation to Approve an Affiliation Agreement with the LSU Property Foundation

**Date:** September 11, 2020

#### 1. Bylaw Citation

Pursuant to Article VII, Section 1

- J. Any affiliation agreement with a private non-profit foundation formed to support the programs, facilities, and research and educational opportunities offered by one or more campuses of the University, or the University as a whole.

#### 2. Summary of Matter

At its March 6, 2020 meeting, the Board of Supervisors approved a new Uniform Affiliation Agreement (UAA) template. The affiliation agreement outlines the general duties and responsibilities of both the University and the Affiliate. The template approved in March made a number of revisions and edits to the agreement, including providing for a more transparent and straightforward procedure to monitor compliance with the terms of the agreement. The university is now recommending approval of affiliation agreements with existing affiliates in the new UAA template.

#### 3. Review of Business Plan

Not Applicable

#### 4. Fiscal Impact

There is no fiscal impact expected from the amended Affiliation Agreement.

#### 5. Description of Competitive Process

Not Applicable

#### 6. Review of Legal Documents

Not Applicable

#### 7. Parties of Interest

LSU, LSU Foundation, and the LSU Property Foundation.

#### 8. Related Transactions

Not Applicable

**9. Conflicts of Interest**

None.

**10. Attachments**

1. Affiliation Agreement with the LSU Property Foundation

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors authorizes the President to execute the affiliation agreement with the LSU Property Foundation, as presented.

## Uniform Affiliation Agreement

This Agreement is made and entered into effective as of the 11th day of September, 2020, between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College (“University”) and LSU Property Foundation (“Affiliate”).

**WHEREAS**, as stated in La. R.S. 17:3390(A), the Legislature has found and University recognizes that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions;

**WHEREAS**, as further stated in La. R.S. 17:3390(A), the Legislature encourages higher education management boards and institutions to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education;

**WHEREAS**, after considering the proposed mission and purpose of Affiliate, University has determined that Affiliate’s activities will support or enhance one or more of the programs, facilities, research and educational opportunities offered by University;

**WHEREAS**, because of the close association of Affiliate with the University, it is prudent and beneficial to have a clear statement, agreed upon by the parties, of the respective responsibilities, requirements, authority, and relationship of the University and Affiliate while preserving the private and independent legal status of the Affiliate:

### 1. Affiliate Purpose and Status

- 1.1 Affiliate’s purpose(s) shall be as defined in the Affiliate’s Articles of Incorporation. All actions taken by Affiliate shall be consistent with and in furtherance of its stated purpose(s), and such actions shall likewise be consistent with the institutional mission and activities of University as defined by the University. In order to prevent the unnecessary duplication of activities among University affiliates, any proposed material change in Affiliate’s authorized purpose(s) must be approved in advance and in writing by the President of LSU. Requests for approval of such changes in purpose shall be submitted to LSU’s Executive Vice President for Finance and Administration and CFO (“LSU Executive Vice President”) with a copy delivered to the Chair of the Board of Supervisors.
- 1.2 Unless waived in writing, Affiliate shall provide at least 30 days advance written notice to the LSU Executive Vice President of any proposed material change in Affiliate’s Articles of Incorporation or Bylaws.
- 1.3 Affiliate has been formed as a private non-profit Louisiana organization, and has been recognized as and shall maintain its status as an organization exempt from taxation under Section 501(c) of the Internal Revenue Code.
- 1.4 Affiliate is a separate legal entity from University. Nothing in this Agreement shall be construed as to invalidate or restrict Affiliate’s private and independent legal status.

## 2. Governance

- 2.1 To ensure that Affiliate's status as a private entity is recognized and maintained in accordance with La. R.S. 17:3390(B), Affiliate shall meet the following criteria:
  - 2.1.1 Affiliate shall be under the management and control of a board of directors ("Affiliate's Board") elected by the members or shareholders of Affiliate.
  - 2.1.2 A majority of the voting members of Affiliate's Board shall consist of individuals who are not members or employees of a Louisiana higher education management board; and,
  - 2.1.3 Affiliate shall reimburse, either directly or in-kind, the cost of housing, personnel, and other support furnished to Affiliate by any institution of higher education.
- 2.2 Members of Affiliate Boards
  - 2.2.1 The President of LSU, or his designee, shall be a non-voting *ex officio* member of Affiliate's Board and of the Executive Committee of such Board (or equivalent). To promote compliance with Affiliate's policy on conflicts of interest, and ensure that appropriate disclosures are made and facilitate an understanding of Affiliate's business, the President of LSU will provide Affiliate with reasonable advance notice identifying individuals designated to attend meetings in his place and will endeavor to utilize a single individual as his designee.
  - 2.2.2 The Chairman of the Board of Supervisors, in consultation with members of the Board of Supervisors and Chairman of the Affiliate Board, shall have the right to recommend a list of members of the Board of Supervisors as potential candidates to Affiliate for election to Affiliate's Board as non-voting members. Affiliate agrees that at all times, excluding instances associated with temporary vacancies created by death, resignation or similar causes, at least one member of its Board, shall be elected from the recommended candidates.
  - 2.2.3 Designation of the President of LSU (or his designee) and Affiliate's election of an individual nominated by the Chairman of the Board of Supervisors to serve as a member of Affiliate's Board and/or Executive Committee is not intended to and shall not be deemed a waiver of the privileges and immunities granted Affiliate pursuant to La. R.S. 17:3390.
- 2.3 If the Affiliate is in primary support of a single campus or institution, the Chancellor or equivalent shall, at a minimum, be given notice of and the ability to attend and participate as a non-voting, *ex officio* member in meetings of the Affiliate's Board and Executive Committee.
- 2.4 Members of the Board of Directors and the Executive Committee shall have reasonable access to all books and records of Affiliate in accordance with its generally applicable confidentiality and non-disclosure policies, provided that members who are or may be deemed "public servants," as defined in La. R.S. 42:1102(19), shall not have legal custody of Affiliate's books and records. Requests for access to books and records shall be made via written request directed to Affiliate's Chief Executive Officer.

### **3. General Duties and Responsibilities of Affiliate**

- 3.1 Operate Affiliate for primary benefit of University in accordance with Affiliate’s Articles of Incorporation and tax-exempt purpose.
- 3.2 Support and promote the mission and activities of the University.
- 3.3 Affiliate shall establish and enforce policies to identify and manage potential conflicts of interest and ensure that Affiliate’s assets do not directly or indirectly unduly benefit any individual or other person.
- 3.4 Solicit and accept things of value of all kinds consistent with applicable law.
- 3.5 Receive, hold, invest, administer, manage, distribute and provide good stewardship of gifts and bequests in accordance with donor intent, applicable law and applicable University and Affiliate policies and procedures.
- 3.6 Expend funds for the establishment and operation of Affiliate and for any reasonable expenses incidental to the conduct of the affairs of Affiliate.
- 3.7 Within 120 days following the close of Affiliate’s fiscal year, unless an extension is granted by the LSU Executive Vice President, submit the annual Affiliate Compliance Certificate (Exhibit A) and materials referenced therein, to the LSU Executive Vice President.
- 3.8 Subject to any limitations imposed by contracts among the University and third parties and applicable University policies, the Affiliate may be granted the right by University to utilize its “licensed marks” on a royalty free basis for its activities in support of LSU. Affiliate must adhere to the Louisiana State University Brand Identity.
- 3.9 University is an equal opportunity/access institution committed to diversity and inclusiveness in procurement. Affiliate is encouraged to reflect the spirit of this commitment in its business practices by: (a) participating in and encouraging major suppliers to participate in LSU sponsored outreach programs for small businesses as well as minority, women and veteran owned businesses (“DBEs”); (b) creating awareness among its suppliers that University and Affiliate encourage suppliers to make reasonable and prudent efforts to identify and provide competitive opportunities for participation by DBEs; and, (c) making reasonable and prudent efforts consistent with its unique needs as well as its fiduciary and good stewardship obligations, to identify and provide competitive opportunities for DBEs to participate in Affiliate’s procurement opportunities. To assist Affiliate in its efforts, the University will make the resources of its Supplier Diversity program, including but not limited to lists of registered DBE’s, personnel and information on best practices, available to Affiliate.

### **4. General Duties and Responsibilities of University**

- 4.1 Support and promote the purpose and activities of Affiliate and encourage the donation of private funds to Affiliate;
- 4.2 Avoid action that would undermine Affiliate’s status as a private entity, maintain the confidentiality of donor records and the private nature of Affiliate’s books and records to the extent allowed by law;

- 4.3 Accept funds made available by Affiliate, provide good stewardship of gifts once received by University and utilize funds received from Affiliate in a manner consistent with University's mission, terms and conditions imposed by testators and donors, applicable law, this Agreement and University policy; and,
- 4.4 Make available to Affiliate, at University's sole discretion, appropriate facilities, personnel, or other support pursuant to the provisions of La. R.S. 17:3390(B)(3) and as otherwise permitted by law.

## **5. Records, Internal Controls and Funds Management**

- 5.1 Recognizing the need to preserve the public trust and guard against the appearance of impropriety in its activities, Affiliate shall adopt, maintain, and enforce necessary and appropriate policies, procedures and internal controls, including policies on conflicts of interest, required for the conduct of its business in accordance with applicable law, the terms of this Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations.
- 5.2 The books and records of Affiliate shall be kept in accordance with customary and current accounting standards. For the preparation of reports required by this section of this Agreement, an external accountant and/or auditor engaged to conduct such reports shall be selected from among the most recent list of certified public accountants maintained by the Louisiana Legislative Auditor.
- 5.3 In connection with its annual financial audit, Affiliate shall: (a) provide its auditors with a copy of this Agreement including all exhibits, schedules, and other attachments; (b) provide its auditors with access to all documents and other information relevant to this Agreement; (c) require Affiliate's chief executive officer to represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement; and, (d) rotate audit partners or firms at least every five years.
- 5.4 On a biennial basis, to commence in an Affiliate's fiscal year (commencing on or following execution of this Agreement by Affiliate) designated by the Executive Vice President, or on an annual basis if requested in writing by the LSU Executive Vice President for good cause shown, Affiliate shall separately engage an Independent Accountant (which may be the same firm conducting its financial statement audit) to perform various procedures necessary to issue an Agreed Upon Procedures report concerning items included in the Schedule of Agreed - Upon Procedures for Verification of Affiliate Compliance (Exhibit D).
- 5.5 Affiliate shall provide to the LSU Executive Vice President within 120 days of the close of Affiliate's fiscal year: (a) its audited financial statements; and (b) its Agreed Upon Procedures report. At the request of the LSU Office of Internal Audit, Affiliate and its independent auditors shall arrange to meet with representatives from the LSU Office of Internal Audit to review written findings and/or the Agreed Upon Procedures report.
- 5.6 Affiliate shall evaluate and, where appropriate, take corrective action to remedy material and substantial audit findings. Material and substantial audit findings which have not either been

(a) resolved by management or, where appropriate, through corrective action within ninety (90) days following issuance of the annual audit, or (b) in cases where corrective action is appropriate, corrective action reasonably designed to resolve the issue has not been taken within ninety (90) days following issuance of the annual audit, shall be reported to the Audit Committee of the Board of Supervisors in writing.

- 5.7 Pursuant to a separate written Funds Management Agreement authorized and executed by University and Affiliate, University may in its discretion agree to deliver and Affiliate may agree to accept for deposit with Affiliate funds which have been donated to the University by private individuals or entities or which have been provided from the state to the University pursuant to the Board of Regents Support Fund or other programs.

## **6. Certain Disbursements and Other Transactions**

- 6.1 All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by Affiliate's Board and in accordance with its annual budget, as modified by policies and procedures adopted by Affiliate's Board. Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and shall address the content of this Agreement.
- 6.2 Affiliate shall not undertake the disbursements and transactions described on Exhibit B, other than transactions and disbursements involving operational and business management matters of Affiliate itself, without first obtaining a determination of acceptable University purpose from the appropriate University authority.
- 6.3 No donation requiring a determination of acceptable University purpose shall be publicized or otherwise disclosed by Affiliate prior to acceptance of any conditions or obligations by the University's Board or President of LSU in accordance with University policies and procedures.
- 6.4 Requests for a determination of acceptable University purpose shall be submitted to the President of LSU or to the Board through the President as may be appropriate by the Chancellor (or equivalent) of the campus or institution for whose benefit the action is proposed, in accordance with the procedures set forth in University procedures. Any submission shall include a specific recommendation from the Chancellor or equivalent demonstrating that the proposed transaction is in support of the University and its mission.
- 6.5 Absent exceptional circumstances and written approval by the Chancellor (or equivalent) and President (or designee), supplemental compensation or benefits to a University employee shall be paid through the University, not directly by Affiliate to the employee. For purposes of this section, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base university compensation and benefits approved by the Board of Supervisors for duties performed by the employee for the University.
- 6.6 To ensure compliance with La. R.S. 17:3390(F), payments of over one thousand (\$1,000) dollars for any single transaction to, or on behalf of, or to reimburse the expense of a public employee of a public higher education institution or a public employee or officer of a management board of a public higher education institution shall be periodically reviewed and



approved by the Board of Supervisors in accordance with applicable policies and procedures. Affiliate may pay or reimburse such transactions pending approval by the Board, provided that any such payments or reimbursements subsequently disapproved by the Board shall be reimbursed to the Affiliate by the public employee or officer within ninety (90) days of such disapproval.

## **7. Prohibited Expenditures, Advisory Opinions**

- 7.1 University, its employees and administrators shall not request the expenditure of funds and Affiliate shall not expend funds for any of the purposes described in section 2 of Exhibit C either directly or through reimbursement.
- 7.2 Where there is doubt about the reasonableness or validity of a proposed expenditure or transaction, or the procedure by which such expenditure or transaction should be reviewed, the Chancellor or equivalent, or legal counsel for Affiliate, shall seek an advisory opinion from the President, through the LSU Executive Vice President. Where appropriate, the President may refer the question to the Board of Supervisors for a decision. The President may adopt guidelines to facilitate the provisions of this sub-section.

## **8. Funds Management Agreements/Commitment of University Funds**

- 8.1 With the written consent of the LSU Executive Vice President, Affiliate may enter into one or more agreements (“Funds Management Agreements”) with other affiliates of University (that is, other non-profit organizations which are recognized pursuant to University policy) so that one affiliate will manage the funds of another affiliate. In such event, the affiliate which is agreeing to manage the funds of the other affiliate shall be known as the “Funds Owner” while the affiliate transferring the funds shall be known as the “Funds Manager.”
- 8.2 Unless otherwise specifically provided for in the Funds Management Agreement, the Funds Manager shall have no internal control or audit responsibilities with respect to the Funds Owner; provided, however, that the Funds Manager shall cooperate with the Funds Owner’s management and auditors with respect to such matters.
- 8.3 Where Affiliate enters into a Funds Management Agreement with an organization that has not executed an Affiliation Agreement with University, such Funds Management Agreements shall:
  - 8.3.1 Require that the funds of the Funds Owner be included in either (a) the Funds Manager’s annual audit conducted pursuant to La. R.S. 17:3390 or, (b) if the Funds Manager is exempt from annual audit requirements pursuant to R.S. 17:3390, an exemption certificate and a sworn financial statement in accordance with La. R.S. 17:3390D(3)(a)-(c).
  - 8.3.2 Notify the Funds Owner of the requirements of La. R.S. 17:3390(D).
- 8.4 In connection with transactions requiring the commitment of material University resources (including the transfer of University funds), the Affiliate will enter into a written agreement outlining the structure or details of each specific transaction, excluding routine transactions;

the obligations of Affiliate, University, and any other parties; the public purpose to be achieved from such transaction; and, either a reasonable expectation that benefits to the University resulting from the transaction will equal or exceed the value of funds provided by the University or an affirmation that the value of the University funds committed to the transaction will be reimbursed, either directly or through in-kind services in accordance with the requirements of La. R.S. 17:3390(B)(3).

- 8.5 Upon written request from the LSU Executive Vice President, Affiliates that are exempt from annual audit requirements pursuant to La. R.S. 17:3390, may be required to submit a financial audit or agreed to procedures report acceptable to the University conducted in accordance with generally accepted auditing standards by an independent professional auditor or, at Affiliate's option, LSU Internal Audit personnel. In connection with any audit or agreed to procedures conducted pursuant to this section, Affiliate shall: (a) provide its auditors with a copy of this Agreement; (b) provide its auditors with access to all documents and other information relevant to this Agreement; and, (c) represent to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of this Agreement.

## **9. Term and Termination**

- 9.1 This Agreement revises and replaces previous Affiliation Agreements between University and Affiliate. It shall take effect on the date first written above, and shall continue for a period of one year. Thereafter, it shall be automatically renewed and extended for additional one-year periods unless Affiliate gives notice to terminate pursuant to the provisions of section 9.2, or University gives notice to terminate pursuant to the provisions of section 9.3. The provisions of this section shall survive any such termination.
- 9.2 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, Affiliate may terminate this Agreement without cause by providing written notice to the University no less than six (6) months prior to the effective date of the termination.
- 9.3 Except to the extent modified by this Agreement or a separate written Agreement between Affiliate and University, University may terminate this Agreement for cause in the event of:
- 9.3.1 Affiliate commits a material and substantial violation of the terms of this Agreement and fails to cure such violation after being provided with at least 30 days' notice of such violation,
  - 9.3.2 Affiliate engages in or negligently allows: (a) any material and substantial misuse of Affiliate's funds, or (b) any fraudulent or other illegal activity,
  - 9.3.3 the commencement of a voluntary bankruptcy proceeding by Affiliate or the commencement of an involuntary bankruptcy proceeding against Affiliate that is not dismissed within 120 days,
  - 9.3.4 the commencement of a voluntary dissolution proceeding by Affiliate or an involuntary dissolution proceeding against Affiliate that is not dismissed within 120 days,

- 9.3.5 a transfer of the campus, institution or program supported by Affiliate to another higher education management board,
  - 9.3.6 elimination or modification of programs offered by University such that Affiliate is no longer deemed necessary to the University's mission or the Affiliate is no longer able to achieve its purpose(s), or
  - 9.3.7 the occurrence of any other material event or circumstance similar in nature to those described in subsections 9.3.1-9.3.6 which, in the reasonable judgment of the University, constitutes cause and remains uncured following thirty (30) days' notice to Affiliate.
- 9.4 Upon termination of this Agreement, Affiliate shall:
- 9.4.1 Cease to use the University's name, marks or other indicia to solicit donations or for any other purpose and shall not in any way represent to alumni, contributors, and the general public that said Affiliate is affiliated with the University or authorized to raise funds for any of the colleges, schools, departments, and divisions comprising it;
  - 9.4.2 Unless otherwise directed in writing by the University or unless otherwise required pursuant to the terms of applicable law, immediately transfer to University or another affiliate designated by University, all public funds which Affiliate holds as a depository pursuant to the provisions of section 8.0;
  - 9.4.3 Terminate any Management Agreements entered into with other University affiliates in accordance with the terms of Section 8 of this Agreement and immediately return any managed funds to the appropriate Managed Affiliate(s); and,
  - 9.4.4 Provide an accounting to University of all funds, public or private, held by Affiliate within 120 days of notice of termination unless extended in writing by mutual agreement.
- 9.5 If the Affiliate's purpose is in primary support of a single campus or institution, and the necessity for termination of this Agreement results from the transfer of the supported campus or institution to another public higher education management board ("Transferee Institution"), to the extent consistent with applicable law and prudent financial management practices, the applicable provisions of any legislation authorizing transfer of the supported campus or institution and compliance with sections 9.4.1 through 9.4.4 of this Agreement, Affiliate may effect the termination of this agreement to the extent it enters into an affiliation agreement with the Transferee Institution providing for Affiliate's ability to continue its mission of supporting the same campus or institution subject to oversight by the Transferee Institution. Preceding the transfer, there shall be a review to determine whether there is any adverse impact on the University. In the event that Affiliate enters into an affiliation agreement with a Transferee Institution pursuant to the terms of this Section, the Transferee Institution and Affiliate shall agree to indemnify, defend and hold harmless University, its members, employees and agents from and against any and all claims and liabilities associated with or in any way arising out of University's association with Affiliate and Affiliate's actions or inactions (whether past, present or future).
- 9.6 Upon dissolution of Affiliate, whether dissolution is voluntary or involuntary, subject to compliance with sections 9.4 – 9.5 of this Agreement, applicable laws and Affiliate's Articles of Incorporation and other governing documents, Affiliate shall provide for its net assets to be distributed to another nonprofit affiliated with the University as designated by the

President of LSU, unless otherwise agreed by the University and Affiliate or directed by a court of competent jurisdiction and venue, to be used as nearly as practicable in accordance with the express terms of written acts of donation, testaments, pledges and similar instruments, donor intent, Affiliate's governing documents, purposes and applicable law. This paragraph shall not prejudice the rights of creditors including, without limitation, any properly approved, valid, and enforceable financing agreements executed by Affiliate.

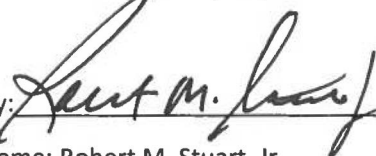
**10. Notices, Entire Agreement, Venue**

- 10.1 Unless otherwise provided herein, whenever any notice or demand is required or permitted under this agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the University, addressed to its President at 3810 West Lakeshore Drive, Baton Rouge, LA, and to Affiliate at the address shown above. Unless otherwise provided herein, such advance notice requirements and time periods designated for the performance of specific acts may be extended or waived, in writing, by the LSU Executive Vice President.
- 10.2 This Agreement, including all exhibits, constitutes the entire agreement between the parties and shall not be amended except in writing signed by the President of University and a duly authorized officer of Affiliate. This Agreement is not intended to and does not create any rights in third parties.
- 10.3 The parties anticipate that they will enter into separate agreements for specific projects. Where there is a conflict between the terms of this Agreement and the terms of any separate agreement, the terms of the separate agreement shall control.
- 10.4 This Agreement is entered into, and any action arising from this Agreement shall be brought in, East Baton Rouge Parish, Louisiana.

**THUS DONE AND SIGNED** on the indicated dates by the undersigned duly authorized representatives.

For Affiliate: LSU Property Foundation

For University:

By: 

By: \_\_\_\_\_

Name: Robert M. Stuart, Jr.

Name: Thomas C. Galligan, Jr.

Title: Executive Director

Title: President

Date: 9/03/2020

Date: \_\_\_\_\_

**EXHIBIT A TO UNIFORM AFFILIATION AGREEMENT**  
**ANNUAL AFFILIATE COMPLIANCE CERTIFICATE**

Date \_\_\_\_\_

LSU Board of Supervisors

Attn: \_\_\_\_\_

Baton Rouge, Louisiana

Re: \_\_\_\_\_ (“Organization”)

Annual Compliance Certificate

Members of the LSU Board of Supervisors:

In my capacity as the Chief Executive Officer (or other authorized officer) of \_\_\_\_\_, I am writing to confirm that *after making reasonable and appropriate inquiries, to the best of my knowledge, information and belief*, the following information is true and correct as of the date of this letter:

1. The Organization is required to obtain an annual financial audit in accordance with La. R.S. 17:3390. The annual financial audit for the fiscal year ending \_\_\_\_\_, conducted by an independent auditor, has been completed and a copy was provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

**OR**

The Organization is exempt from the annual audit requirements of La. R.S. 17:3390, and copies of the Organization’s exemption certificate and sworn financial statement prepared in accordance with La. R.S. 17:3390D(3)(a)-(c), were provided to the Legislative Auditor with a copy to your office by letter dated \_\_\_\_\_;

2. The Organization’s annual tax return for the \_\_\_\_ tax year was completed and filed with IRS on \_\_\_\_\_ and a copy was delivered to your office by letter dated \_\_\_\_\_;

**OR IF APPLICABLE**

The Organization has requested an extension through \_\_\_\_\_ within which to file its annual tax return for the \_\_\_\_\_ tax year, and a copy of the return will be provided to your office upon filing;

3. A complete list of all active corporate affiliates and subsidiaries of the Organization as of this date and the purpose for which such entities have been formed is attached to this certificate as Schedule “1”;

4. A complete list of all “managed organizations” as defined in the Uniform Affiliation Agreement, managed by the Organization is attached to this certificate as Schedule “2”;
5. A current list of the Organization’s officers and directors is attached to this certificate as Schedule “3”;
6. A copy of the Organization’s Articles of Incorporation and Bylaws are on file with and copies of any proposed amendments have been provided to the Executive Vice President;
7. The Organization is registered as a Louisiana nonprofit entity and it remains exempt from taxation in accordance with Sections \_\_\_\_\_ of the Internal Revenue Code;
8. The Organization has taken all necessary action, including any filings required by the Louisiana Secretary of State and other authorities, to maintain its corporate existence and its tax-exempt status;
9. A preliminary list, which is subject to confirmation by your office, showing the type of any housing, personnel, and other support provided to Affiliate by University during the previous fiscal year pursuant to the provisions of La. R.S. 17:3390(B)(3), including (i) amount and location of any space or facilities provided, (ii) number of personnel provided, and (iii) a listing of the type of any other services provided to Affiliate by University is attached to this certificate as Schedule “4”;
10. As detailed in Schedule “5” to this certificate, during the previous fiscal year, (i) subject to confirmation by your office, our records indicate that the total amount paid in cash to University as direct reimbursement for housing, personnel and other support was \$\_\_\_\_\_, and (ii) subject to confirmation by your office, our records indicate that the total dollar value of all property provided to the University together with all expenditures made in support of the University (exclusive of costs for personnel employed solely by and for the benefit of Affiliate, facilities occupied solely by Affiliate and other Affiliate overhead and administrative costs), which amount shall be considered “in-kind” reimbursement for purposes of La. R.S. 17:3390(b)(3), was \$\_\_\_\_\_;
11. The Organization maintains and enforces a policy on conflicts of interest as well as other policies procedures and internal controls required for the conduct of its business in accordance with applicable law, the terms of the Affiliation Agreement, applicable University policies and procedures and best practices for similar nonprofit organizations;
12. Except as specifically provided for under the circumstances described in Sections 6 and 7 of the Uniform Affiliation Agreement or previously disclosed in writing to the Executive Vice President, the Organization has not engaged in any prohibited transactions or made any prohibited expenditures over the last fiscal year;
13. Except as previously disclosed in writing to the Audit Committee of the Board of Supervisors, the Organization resolved or will resolve any material and substantial audit findings within

90 days of the issuance of its annual audit in accordance with Uniform Affiliation Agreement Section 5.4;

14. The Organization has provided a copy of its current Affiliation Agreement and access to all documents and other information relevant to the Affiliation Agreement to its independent auditors, if applicable, for use in the evaluation of our internal controls and determining compliance with the Affiliation Agreement in connection with transactions reviewed by the auditors in the course of their work. The Organization has represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the Affiliation Agreement; and,
15. A copy of the Agreed Upon Procedures report described in Section 5.4 and Exhibit D was provided to your office by letter dated \_\_\_\_\_.

Sincerely,

\_\_\_\_\_

Name:

Title:

**Schedule 1 to Annual Affiliate Compliance Certificate**  
**List of Corporate Affiliates and Subsidiaries and Purposes of Such Entities**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 2 to Annual Affiliate Compliance Certificate**  
**List of “Managed Organizations”**

**Name of Entity**                      **Type of Entity and Purpose**

**Schedule 3 to Annual Affiliate Compliance Certificate**  
**List of “Affiliate’s Officers and Directors”**

**Schedule 4 to Annual Affiliate Compliance Certificate**  
**List of Housing, Personnel, and Other Support Provided to Affiliate by University**

**Schedule 5 to Annual Affiliate Compliance Certificate**  
**List of Support Provided by Affiliate to the University**



**EXHIBIT B TO UNIFORM AFFILIATION AGREEMENT**  
**TRANSACTIONS REQUIRING A DETERMINATION OF APPROPRIATE UNIVERSITY PURPOSE**

1. Unless involving operational and business management matters of Affiliate itself, Affiliate shall not undertake the following transactions and disbursements without first obtaining a determination of acceptable University purpose by the President or his designee unless (i) approval by the University's Board is required by the Board's by-laws or applicable law, or (ii) the President, in the exercise of his discretion determines that consideration of the matter at issue by the University's Board is appropriate:
  - A. Knowingly accepting any donation which either: contains a condition or imposes or purports to impose an obligation on the University, the fulfillment of which would require the University to undertake actions not previously taken or approvals not previously granted by the University in accordance with applicable policies and procedures without an express written provision indicating that the acceptance by Affiliate is conditioned on the acceptance of the conditions or obligations by the University's Board or President in accordance with University policies and procedures and the terms of this Agreement;
  - B. Accepting any donation of immovable property intended to be (a) retained by the Affiliate, rather than liquidated within a reasonable period of time, or (b) leased or otherwise occupied by a component of the University;
  - C. Purchasing any immovable property with a fair market value of \$500,000 or more, except property which will serve as the primary location of Affiliate's administrative offices; provided that this shall not prohibit decisions by Affiliate's Board relating to reasonable and prudent investments for the Affiliate's benefit;
  - D. Selling, donating, or otherwise transferring any immovable property which was acquired for use by the University, without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - E. Leasing any immovable property, facility, or portion of a facility which is expected to be occupied by the University for a period of one year or longer without providing at least thirty (30) days advance written notice to the LSU Executive Vice President;
  - F. Entering into any cooperative endeavor or similar agreement with any public or quasi-public entity; and,
  - G. Creating a legal entity as a subsidiary or component of Affiliate without providing at least thirty (30) days advance written notice (unless a shorter period for the notice is approved in writing by the Executive Vice President) to the LSU Executive Vice President. If any such legal entities are created, affiliate shall either: (i) if available, present the financial activities of each such subsidiary in discrete schedules attached to Affiliate's financial statements, or (ii) if such discrete schedules are not available, provide University with copies of the tax returns of each such subsidiary.
  
2. The following disbursements and transactions require approval in accordance with policies and procedures mutually agreed to by University and Affiliate:
  - A. Reasonable moving expenses and reasonable relocation expenses of a University employee covered by PM 13; and,

B. Reasonable travel, moving, relocation, entertainment, educational benefits or reimbursements may be paid to a University employee (or authorized traveler). Such payments may be made for such expenses within and above state limits when specifically approved by appropriate University administrators in accordance with University policy. Pending further specification of University policy, such expenses require approval of the employee's dean, vice chancellor or other equivalent administrative official, or their designee.

3. Contracts (or other agreements, including employment agreements) and subsequent amendments between Affiliate and a University employee should be recommended by the Chancellor (or equivalent) and approved in accordance with University policy, including approval by the Board of Supervisors, where applicable. Justification for such contracts should be in writing and demonstrate that the employee's duties are not those which the employee should perform directly for the University. These requirements shall be in addition to those of University's PM-11.

**EXHIBIT C TO UNIFORM AFFILIATION AGREEMENT**  
**PROHIBITED EXPENDITURES**

1. Submission of a written request for reimbursement or direct payment of an expense by or on behalf of a University employee shall constitute a **good faith** representation by University employees and administrators whose signatures appear on such request that (a) the Affiliate's expenditure of funds as requested is consistent with applicable University policies, applicable law and the terms of this Agreement, and (b) where expenditures involve the disbursement of donor restricted funds, that the **purpose for which the expenditure has been requested** is consistent with donor intent. For purposes of evaluating Affiliate's compliance with the terms of this Agreement, Affiliate may **reasonably** rely upon such representations.<sup>1</sup>
  
2. University, its employees and administrators shall not request the expenditure of funds, and Affiliate shall not expend funds for any of the following purposes, either directly or through reimbursement:
  - A. Solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business), unless approved in accordance with section 2 of Exhibit B and section 6.3 of the Agreement;
  - B. For any fines, penalties, or forfeitures of a University employee;
  - C. For any gift which is represented to be personally from a University employee in his or her personal capacity;
  - D. For political contributions, including payments to political action committees;
  - E. For any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion that the expenditure is either (i) lavish or extravagant, or (ii) the benefit to the individual University employee outweighs the benefit to the University;
  - F. Where payment of the expenditure would violate the Louisiana Code of Ethics;
  - G. For any purpose other than as authorized in the Agreement or through written amendment or clarification of this Agreement signed by both Affiliate and the President of University, except on the specific written recommendation of the Chancellor or equivalent (for himself/herself and those under his/her supervision) and specific written approval of the President;
  - H. For any purpose which is not consistent with Affiliate's tax exempt mission and the purpose(s) stated in section 1.1 of the Agreement.
  - I. Any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

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<sup>1</sup> The concept of "reasonable reliance" as applied to Affiliate's review of requests for expenditures submitted by the University or University personnel permits Affiliate to rely on an implied representation that such requests are consistent with University policies and procedures and the terms of this Agreement, except where, for example: (a) Affiliate has knowledge of facts indicating that representations implied in the request are not accurate, or (b) necessary documentation has not been submitted to support the request, or (c) documentation submitted in connection with the request is incomplete, inconsistent or inaccurate on its face.

**EXHIBIT D TO UNIFORM AFFILIATION AGREEMENT**  
**SCHEDULE OF AGREED-UPON PROCEDURES**  
**For**  
**AFFILIATE VERIFICATION OF COMPLIANCE**  
**WITH UNIFORM AFFILIATION AGREEMENT**

Independent Accountants retained by Affiliates will issue an Agreed Upon Procedures report regarding findings based on the following:

1. Confirm that Affiliate maintains a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds by observing a copy of such policy. The policy shall require that any unresolved issues be reported to the Audit Committee of the LSU Board of Supervisors consistent with Sub-section 5.6.
2. Confirm that Affiliate's governing board has established and implemented policies governing conflicts of interest by observing a copy of such policy.
3. Obtain an understanding of the internal controls in place over cash disbursements and expenditures for the period in question. On a sample of items, inspect written evidence of the internal controls and support for each transaction to determine if Affiliate has designed and implemented procedures related to the following UAA provisions:
  - Supplemental compensation or benefits, as defined in section 6.5 of the UAA paid directly to a University employee has written approval by the Chancellor or equivalent and the President of LSU.
  - Payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee's dean, vice chancellor, or other equivalent administrative official approval in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments for moving and relocation expenses of University employees covered by PM 13 have been approved in accordance with policies and procedures mutually agreed to by University and Affiliate.
  - Payments have not been made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) unless approved in accordance with Section 2 of Exhibit B and Section 6.3 of the UAA.
  - Fines, forfeitures or penalties of University employees have not been paid by the Affiliate.

- Gifts represented to be personally from a University employee in his or her personal capacity have not been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift.
- Political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have not been made or reimbursed.
- Funds have not been disbursed in connection with contracts (or other agreements including employment agreements) between the Affiliate and a University employee unless recommended by the Chancellor (or equivalent) and approved by the LSU President or the Board of Supervisors.
- Funds have been not disbursed for any purpose which is not consistent with Affiliate's tax-exempt mission and the purpose(s) stated in section 1.1 of the UAA.
- Funds have not been disbursed for any purpose that would result in a finding that either (i) Affiliate is being operated for the benefit of private interests, or (ii) Affiliate has permitted its net earnings to inure to the benefit of any private shareholder or individual, in violation of applicable provisions of the Internal Revenue Code as amended.

The proposed sample size will be provided to the LSU Executive Vice President for review and comment at least 15 days prior to the engagement. Unless otherwise mutually agreed to by Affiliate and the Executive Vice President for good cause shown, the sample size shall not exceed the fewer of 10% of Affiliate's annual transactions or 50 transactions.

4. Obtain a written representation from the Affiliate that, in accordance with Section 5.3 of the UAA, Affiliate has (a) provided the Auditor with a copy of its current UAA including any amendments thereto; (b) provided the Auditor with access to all documents and other information relevant to the UAA; and, (c) represented to its auditors that except to the extent disclosed in writing, to the best of Affiliate's knowledge, information and belief, Affiliate has complied with all applicable provisions of the UAA.



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# Board of Supervisors

## MINUTES

BOARD OF SUPERVISORS MEETING | SEPTEMBER 11, 2020

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AUGUST 14, 2020

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MINUTES  
LSU BOARD OF SUPERVISORS MEETING  
*Royal Cotillion Ballroom, LSU Student Union*  
*Louisiana State University*  
310 LSU Student Union, Baton Rouge, LA 70803  
Friday, August 14, 2020 | Time: 10:00 a.m. CT

On Friday, August 14, 2020 prior to the start of the meeting, Messrs. Randy Morris, Patrick C. Morrow, and Collis B. Temple Jr. took the oath of office in the Board Room at the University Administration Building.

I. Call to Order and Roll Call

Ms. Mary Werner, Chair, called to order the Regular Meeting of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College in the Royal Cotillion Ballroom of the LSU Student Union at Louisiana State University in Baton Rouge on August 14, 2020.

Present

Ms. Mary Werner, Chair  
Mr. Robert S. Dampf, Chair-elect  
Mr. James Williams, Past Chair  
Mr. Jack "Jay" A. Blossman, Jr.  
Mr. B. Wayne Brown  
Mr. Stone Cox  
Ms. Valencia Sarpy Jones  
Mr. Lee Mallett  
Mr. Randy Morris  
Mr. Patrick C. Morrow  
Mr. Rémy Voisin Starns  
Mr. Collis B. Temple Jr.  
Mr. Jimmie M. Woods, Sr.  
Mr. Richard E. Zuschlag

Absent

Mr. Ronnie Anderson  
Mr. Glenn Armentor  
Ms. Valencia Jones

Ms. Jones participated in the meeting through remote means, and verified her participation to the Secretary immediately after roll call.

Also participating in the meeting were the following: Mr. Thomas Galligan, Interim President of LSU; Mr. Winston DeCuir, General Counsel for LSU; University officers; and, administrators of the campuses; faculty representatives; interested citizens and representatives of the news media.

II. Invocation and Pledge of Allegiance

The invocation was offered by Stone Cox, LSU Student Body President and student representative on the Board of Supervisors. The Pledge of Allegiance was led by Ricky Bryant, LSU Student Government representative.



III. Oath of Office for New Board Members

Ms. Werner administered the Oath of Office to new Board member, Mr. Richard E. Zuschlag, member-at-large.

IV. Public Comment

There were no individuals registered for public comment.

The Board recessed the regular meeting to convene the committee meetings.

V. Committee Meetings

5.A. Academic & Research Committee

Academic Committee member, Mr. Stone Cox, presided in the absence of Mr. Anderson and Mr. Armentor.

5.A.1. Request from LSU Health Sciences – New Orleans for Continued Designation of the Stanley S. Scott Cancer Center of Excellence

Upon motion by Mr. Mallett, and seconded by Mr. Zuschlag, the Committee recommended the following resolution for Board approval:

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors does hereby approve the request from LSU Health Sciences –New Orleans for continued designation of the Stanley S. Scott Cancer Center of Excellence, subject to approval by the Louisiana Board of Regents.

5.A.2. Request from LSU Health Sciences – New Orleans for Continued Designation of the Neuroscience Center of Excellence

Upon motion by Mr. Morrow, and seconded by Mr. Mallett, the Committee recommended the following resolution for Board approval:

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors does hereby approve the request from LSU Health Sciences –New Orleans for continued designation of the Neuroscience Center of Excellence, subject to approval by the Louisiana Board of Regents.

5.A.3. Request from LSU A&M for Conditional Approval of the Early Childhood Education Institute

Upon motion by Mr. Mallett, and seconded by Mr. Morris, the Committee recommended the following resolution for Board approval:

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors does hereby approve the request from LSU A&M for conditional, one-year approval of the Early Childhood Institute, subject to approval by the Louisiana Board of Regents.

5.A.4. Request from LSU A&M to Establish the LSU Pre-Engineering Pathway Gold STEM Seal Scholarship

Upon motion by Mr. Zuschlag, and seconded by Mr. Mallett, the Committee recommended the following resolution for Board approval:

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the request from LSU A&M to establish the LSU Pre-Engineering Pathway Gold STEM Seal Scholarship.

5.B. Property & Facilities Committee

- 5.B.1. Request from LSU Health Sciences Center-New Orleans to Approve a Revision to a Prior Authorization to Enter into a Cooperative Agreement and Lease with the LSU Health Foundation, New Orleans to Develop New Student Housing

Upon motion by Mr. Williams, and seconded by Mr. Brown, the Committee recommended the following resolution for Board approval:

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize the President of Louisiana State University, or designee, to execute a Cooperative Endeavor and Lease Agreement with LSU Health Foundation, New Orleans.

**BE IT FURTHER RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize the President of Louisiana State University, or designee, to execute an Act of Donation with LSU Health Foundation, New Orleans and to accept from LSU Health Foundation, New Orleans the donation of the immovable property reflected on Exhibit A hereto.

**BE IT FURTHER RESOLVED** that the President of Louisiana State University, or designee, is authorized to (1) execute such other consents, approvals, amendments and agreements as are necessary to effectuate said Cooperative Endeavor and Lease Agreement, (2) to include in said Agreement and in such other consents, approvals, amendments and agreements those terms and conditions as he deems to be in the best interest of the Board of Supervisors of LSU and (3) to participate in the submission of said Agreement for consideration by the Louisiana State Bond Commission.

**BE IT FURTHER RESOLVED** that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, pursuant to the Uniform Affiliation Agreement by and between the LSU Board of Supervisors and the LSU Health Foundation, New Orleans finds an Acceptable University Purpose for the LSU Health Foundation, New Orleans to be party to the Cooperative Endeavor and Lease Agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, and to be a party to such other agreements and documents as are necessary to effectuate said Cooperative Endeavor and Lease Agreement, including, but not limited to the Act of Donation by LSU Health Foundation, New Orleans to the LSU Board of Supervisors of the immovable property reflected on Exhibit A hereto and the Ground Sublease Agreement with Provident Group-HSC Properties, Inc., all as he deems to be in the best interest of the Board of Supervisors of LSU.

5.C. Legal Affairs Committee

- 5.C.1. Request to Clarify Previously Authorized Actions by the President

Upon motion by Mr. Morrow, and seconded by Mr. Starns, the Committee recommended the following resolution for Board approval:

**NOW, THEREFORE, BE IT RESOLVED** the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College clarifies that any delegations conferred to a President prior to January 1, 2020, are now conferred on the President, or a person acting in that capacity, at the time action is required to fulfill the Board's directives.

5.D. Audit Committee

The Audit Committee Meeting was called to order at 9:45 AM in the Olinde Career Center at the LSU Student Union.

Present

Mr. Lee Mallett, Chair  
Mr. Jimmie Woods, Vice Chair  
Mr. Jay Blossman  
Mr. Robert Dampf  
Mr. Rémy Starns  
Mr. James Williams.

Absent

Mr. Ronnie Anderson  
Mr. Glenn Armentor.

Also present were: Ms. Mary Werner, Mr. Wayne Brown, Mr. Stone Cox, Mr. Randy Morris, Mr. Pat Morrow, Mr. Collis Temple Jr., as well as President Tom Galligan, Chief Auditor Chad Brackin, and General Counsel Winston DeCuir Jr.

Mr. Brackin conducted a presentation on the information technology governance structure at the University, and cited risks of and to the IT system. The Committee asked the President if he could develop a plan for the October Board meeting and provide an update at the September Audit Committee meeting to which he consented.

A vote was taken to accept the report of the Chief Auditor. Upon motion by Mr. Woods and seconded by Mr. Dampf, the committee accepted the report.

VI. Reconvene Board Meeting

After adjournment of the Committee Meetings, the Regular Board Meeting was called back to order.

VII. LSU Board Bylaw Amendment

Approval to Amend the LSU Bylaws to Address Voting and Establish the Inclusion & Diversity Committee

Mr. Woods made a motion to amend the wording of the proposed committee name from Inclusion and Diversity Committee to Diversity and Inclusion Committee.

Upon motion by Mr. Dampf, and seconded by Mr. Zuschlag, the Committee recommended the following resolution for Board approval:

**NOW, THEREFORE, BE IT RESOLVED** the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the amendments to Article V, Sections 4 through 7, of the Board Bylaws to read as follows:

#### **Section 4. Voting**

For voting to occur in a committee, a quorum must be present. All official actions of a committee require a favorable vote of the committee members present and voting, unless law requires approvals requiring different numbers or proportions of votes. Proxy voting is prohibited.

#### **Section 5. Authority of Committees**

The authority of committees of the Board shall be subject to these Bylaws and to the policies and direction of the Board.

#### **Section 6. Standing Committees**

Unless and until otherwise decided by the vote of a majority of the membership of the Board of Supervisors, the standing committees of the Board shall consist of the committees described below:

Unless and until otherwise decided by the vote of a majority of the membership of the Board of Supervisors, the standing committees of the Board shall consist of the committees described below:

##### **A. Executive Committee**

The Chair and the Secretary to the Board shall be the chair and secretary respectively of the Executive Committee. The Chair-Elect and the Immediate Past Chair shall automatically be members of the executive committee. The Chair-Elect of the Board shall perform the duties of the Chair in the absence of the Chair. The Immediate Past Chair shall perform the duties of the Chair in the absence of the Chair and the Chair-Elect. In the event all three such officers are absent from a Board meeting, the committee shall elect a temporary chair from those present to preside over such meeting. The Executive Committee shall consist of no less than seven (7) members including the Chair of the Board, the Chair-Elect and the Immediate Past Chair, and such other members as the Chair may appoint. The Executive Committee shall consider such matters as shall be referred to it by the Board of Supervisors and shall execute such orders and resolutions as shall be assigned to it at any meeting of the Board. It shall be the further duty of the Executive Committee to take such action as may be necessary in the event that any emergency requiring immediate action shall arise between Board meetings. All acts of the Executive Committee shall be submitted to the Board for ratification, or rejection, at its next meeting, except in matters where the Board shall have delegated to the Executive Committee full power to act with respect to any matter. Affirmative action by a majority of the entire membership of the Executive Committee shall be required.

##### **B. Academic and Research Committee**

Normally, to this committee shall be referred all matters concerning the long-term academic goals of each campus, implementation strategies, analyses of campus enterprise-wide resources and mission objectives, student achievement issues, the review and approval of academic programs, centers, and institutes to advance the mission of the institution, faculty recruitment and development issues, issues of academic accountability, and the development of incentives for a competitive academic environment. This

committee shall also be referred matters relating to the university's role in developing the research enterprise and diversifying the state's economy through the commercial transfer and development of research results. Issues will include research advancement and growth, including basic, applied and clinical research; technology transfer; intellectual property; strategies to maximize educational and economic opportunities; and focusing the university's intellectual capital to solve problems that are specific to or will benefit Louisiana.

#### **C. Affiliated Organizations Oversight Committee**

Normally, to this committee shall be referred matters relating to the university's relationship with affiliated organizations. The matters shall include agreements, leases, financials, and any other matters relevant to the relationship of the university to the organizations.

#### **D. Athletic Committee**

Normally, to this committee shall be referred matters of policy concerning intercollegiate athletics of the University. In acting upon said matters, the Committee shall have the benefit of the advice and recommendation of the appropriate Athletic Councils.

#### **E. Audit Committee**

Normally, to this committee shall be referred matters relating to the University Audit Plan, risk assessment, reviewing both internal and external audit reports, monitoring and auditing financial controls, and reviewing rules and regulations concerning compliance.

#### **F. Diversity and Inclusion Committee**

Normally, to this committee shall be referred matters related to inclusion, equity, and diversity in admissions, enrollments, or employment, as well as any associations or relationships involving the University.

#### **G. External Affairs Committee**

Normally, to this committee shall be referred matters pertaining to initiatives to enhance the university's overall reputation, mission and strategic objectives. The matters shall include the protection and promotion of the university's brand, updates on communications and branding of the university, and matters involving university communication initiatives. The committee shall also be referred matters pertaining to the coordination, development, and promotion of communication messages on significant policy matters. The committee shall assist in advocating for the needs of the university with various state and federal entities.

#### **H. Finance Committee**

Normally, to this committee shall be referred all matters related to administrative, financial and facility matters in support of issues or policies promoted or addressed by other committees. This committee shall develop strategies for revenue enhancement and diversification, expenditure efficiencies, and revenue reallocation. The committee in addition shall devise and coordinate employee benefit packages, oversee administrative operations and regulations, and coordinate facility and fixed asset management planning.

### **I. Healthcare and Medical Education Committee**

Healthcare and Medical Education Committee Normally, to this committee shall be referred matters concerning the education and training of students, the operation and management of the LSU Health Sciences Centers, including all components of the Health Care Services Division.

### **J. Legal Affairs Committee**

Normally, to this committee shall be referred matters relating to the university's legal and regulatory issues, including current and potential litigation; new or changing laws and regulations that may affect the University; university legal services related to patents, mineral rights, and contract negotiation; sexual harassment and Title IX compliance; and compliance with the Louisiana Code of Governmental Ethics.

### **K. Property and Facilities Committee**

Normally, to this committee shall be referred all matters related to capital improvements, policies of management of all properties of the University, purchase or sale of land, lease or grant of rights in property, construction of buildings and other facilities, and other matters concerning the properties of the University.

## **Section 7. Special Committees**

As the necessity therefore arises, the Chair may create special committees with such functions, powers, and authority as may be determined. Unless otherwise provided in the action creating such a committee, the Chair of the Board shall determine the number of its members and designate the chair and vice-chair thereof. The Chair may also appoint ad hoc committees for special assignments for specified periods of existence not to exceed the completion of the assigned task.

## **Section 8. Representative on Standing Committees of the Louisiana Board of Regents**

In accordance with the provisions of R.S. 17:3399.5, the Chair shall appoint a member of the Board to represent the University on select standing committees of the Louisiana Board of Regents.

### **VIII. Approval of Meeting Minutes**

Upon motion by Mr. Blossman, seconded by Mr. Dampf, the Board voted unanimously to approve the minutes of the Board meeting held on June 19, 2020.

### **IX. Personnel Actions Requiring Board Approval**

Ms. Werner asked to recess into executive session to discuss the annual presidential evaluation. Motion by Mr. Woods to enter executive session, seconded by Mr. Dampf.

Upon their return, the Board voted unanimously to end executive session.

### **X. Reports from Council of Staff Advisors and Council of Faculty Advisors**

Due to our format for this meeting the Council of Staff Advisors provided their report in writing, which included: constitution amendments update; remote working updates; LSU AgCenter events; and return to campus plans for various campuses.

Professor Jim Robinson provided a report on behalf of the Faculty Advisors. He reported on the following: faculty raises; graduate student tax; lack of COVID-19 testing centers; logistics of symptom checkers; lecture recordings; internal communications; correlation of smoking and COVID-19; and faculty representation on the Board of Supervisors.

XI. President's Report

President Galligan reported on the following topics: summer commencement statistics; return to campus plans; continuation of diversity and inclusion; building name committee; and faculty, staff and student recognition from the various campuses.

XII. Reports to the Board

There were three reports provided to the Board for approval: Approve 2021 Board Meeting Dates, FY20 4<sup>th</sup> Quarter Consolidated Investment Report, and 2020 Internal Audit Report.

Upon motion by Mr. Williams, seconded by Mr. Starns, the reports were unanimously approved.

XIII. Committee Reports

Ms. Werner stated she would entertain one motion from the full Board to approve all committee recommendations. Upon motion by Mr. Dampf, seconded by Mr. Blossman, the committee recommendations were unanimously approved.

XIV. Chair's Report

Ms. Werner reported on the following: thanked faculty and staff for their work thus far and in preparation for the new school year; welcome new Board members; and mission to serve 4-H students.

XV. Adjournment

Ms. Werner announced the next meeting would be September 11, 2020.

Upon motion by Mr. Williams, seconded by Mr. Starns, the meeting was adjourned.



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## Board of Supervisors

### REPORTS TO THE BOARD

BOARD OF SUPERVISORS MEETING | SEPTEMBER 11, 2020



FY 2019-2020 4th Quarter Consolidated Report on  
Personnel Actions Not Requiring Board Approval  
in accordance with the  
Regulations of the Board of Supervisors

September 11, 2020

**Personnel Actions Information Report**  
Reporting Period: April 2020 - June 2020

LSU				
Leave of Absence				
Name	Effective Date	Academic Rank/Title	Last day of Leave - Estimated	Transaction
Duran, Randolph	6/9/2020	Professor	6/8/2021	Academic Leave without pay extension
Rusciano Jr., Frank	1/3/2019	Principal - Lab School	7/10/2020	University Administrative Leave with Pay

Honorifics					
Name	Effective Date	Academic Rank/Title	Allowance	Named Professorship	Transaction
Avalos, Lisa	6/1/2020	Assistant Professor	\$25,920	Hermann Moyse, Sr. Professorship	Honorific Appointment
Barry, Grace	6/1/2020	Associate Professor - Professional Practice	N/A	James J. Bailey Professorship in Law	Honorific Appointment
Bryner, Nicholas	6/1/2020	Assistant Professor	\$12,960	John P. Laborde Endowed Professorship in Energy Law #1	Honorific Appointment
Cameron, Bruce	6/30/2020	Department Chair	N/A	Kathryn Norwood and Claude Fussel Alumni Professorship	Honorific Appointment
Church, John	6/1/2020	Associate Professor	\$7,000	Allen L. Smith, Jr. Endowed Professorship	Honorific Appointment
Corbett, William	6/1/2020	Professor	\$25,920	Rosemary Neal Hawkland Professorship	Honorific Appointment
Hall, Keith	6/1/2020	Professor	\$12,960	John P. Laborde Endowed Professorship in Energy Law #4	Honorific Appointment
Krousel, Marlene	6/1/2020	Assistant Professor - Professional Practice	N/A	George M. Armstrong, Jr. Professorship	Honorific Appointment
Richards III, Edward P.	6/1/2020	Professor	\$6,336	Clarence W. Edwards Distinguished Professorship	Honorific Appointment
Ryan, Clare	6/1/2020	Assistant Professor	N/A	Harry S. Redmon, Jr. Professorship	Honorific Appointment
Simino, Kathryn	6/1/2020	Assistant Professor - Professional Practice	N/A	Louis B. Porterie Professorship	Honorific Appointment
Thomas, Margaret	6/1/2020	Professor	N/A	Ben R. Miller, Jr. Professorship	Honorific Appointment
Thompson, Heidi	6/1/2020	Assistant Professor - Professional Practice	N/A	James & Betty Phillips Professorship	Honorific Appointment
Trahan, J. Randall	6/1/2020	Professor	\$12,240	Newman Trowbridge Distinguished Professorship in Louisiana Property Rights	Honorific Appointment
Vicente, Lecia	6/1/2020	Assistant Professor	\$25,920	Henry Plauche* Dart Endowed Professorship	Honorific Appointment
Wasilczuk, Madalyn	6/1/2020	Assistant Professor - Professional Practice	\$25,920	J. Y. Sanders, Jr. Professorship	Honorific Appointment

Personnel Actions								
Name	Effective Date	Academic Rank/Title	Tenure Status	Prev Salary	New Salary	% Change	Allowance Plan	Transaction
Marzilli, Luisi	5/23/2020	Professor	N/A	N/A	N/A	N/A	N/A	Emeritus Status
Skillen, Joe	6/1/2020	Professor	N/A	N/A	N/A	N/A	N/A	Emeritus Status
White Jr., Richard	6/30/2020	Dean	N/A	N/A	N/A	N/A	N/A	Emeritus Status
Aucoin, Douglas	4/1/2020	Director of Media Services/Audio Visual Services	N/A	\$113,300	\$150,000	32.29%	N/A	Equity Adjustment
Pryor, Carranza	5/4/2020	Chief Counsel	N/A	N/A	\$175,000	N/A	N/A	New Hire

LSU at Shreveport								
Personnel Actions								
Name	Effective Date	Academic Rank/Title	Tenure Status	Prev Salary	New Salary	% Change	Allowance Plan	Transaction
Szarvas, Tibor	4/1/2020	Dean	Tenured	\$125,000	\$140,000	12.00%	N/A	Promotion to Administrative Appointment

LSU Eunice - No Personnel Items to Report

LSU AgCenter - No Personnel Items to Report

Pennington Biomedical Center								
Personnel Actions								
Name	Effective Date	Academic Rank/Title	Tenure Status	Prev Salary	New Salary	% Change	Allowance Plan	Transaction
Rogers, Richard	4/1/2020	Professor	N/A	N/A	N/A	N/A	N/A	Emeritus Status
Champagne, Catherine	5/1/2020	Professor - Research	Non-tenure track	\$152,682	\$175,584	15.00%	N/A	Equity Adjustment

LSU Alexandria - No Personnel Items to Report

LSUHSC-New Orleans								
Personnel Actions								
Name	Effective Date	Academic Rank/Title	Faculty Rank	Prev Salary	New Salary	% Net Change	Estimated Last Day of Leave	Transaction
Capo, Leslie L	6/1/2020	DIRECTOR OF INFORMATION/PUBLIC		\$185,400	\$200,980	8.40%		PAY Sal Inc-Merit Inc/Pay Inc Uncl
DeDeaux, Kaitlyn	4/1/2020	Accounting Specialist 2		N/A	N/A		6/8/2020 (284 Hrs total)	Special Leave with pay or benefits in excess of 30 days within any twelve-month period
Hulbert, Jennifer	4/1/2020	Administrative Coordinator 3		N/A	N/A		6/8/2020 (259 Hrs total)	Special Leave with pay or benefits in excess of 30 days within any twelve-month period
Loose, Daniela K.	6/1/2020	CONTRACTS ADMINISTRATION OFFIC		\$123,825	\$141,825	14.54%		PAY Sal Inc-Expan/Upgrade Duties
Miele, Lucio	6/1/2020	Assistant Dean for Translational Research	Professor	N/A	N/A			Initial Appointment
Miele, Lucio	6/1/2020	DEPARTMENT HEAD/CHAIRMAN	Professor	\$221,450	\$239,166	8.00%		PAY Sal Inc-Expan/Upgrade Duties
Minor, Joseph	4/1/2020	Operating Engineer Master		N/A	N/A		5/29/2020 (284 Hrs total)	Special Leave with pay or benefits in excess of 30 days within any twelve-month period
Molina, Patricia E	4/22/2020	Kenneth Ardoin/Pfizer Chair in Translational Biomedical Research	Professor	N/A	N/A			Initial Appointment
Moulton, Dedrick	6/1/2020	Eberhard Schmidt-Sommerfeld, MD Chair in Pediatric Gastroenterology	Associate Professor	N/A	N/A			Joint Appointment
Nelson, Chlynethia	4/1/2020	Custodian 2		N/A	N/A		5/29/2020 (255 Hrs total)	Special Leave with pay or benefits in excess of 30 days within any twelve-month period
Neyland, Beulah	4/1/2020	Administrative Coordinator 1		N/A	N/A		5/31/2020 (259 Hrs total)	Special Leave with pay or benefits in excess of 30 days within any twelve-month period
Sears, Kenneth	4/1/2020	Maintenance Repairer 2		N/A	N/A		5/29/2020 (262 Hrs total)	Special Leave with pay or benefits in excess of 30 days within any twelve-month period
Smart, Frank	4/1/2020	Kenneth Ardoin/Pfizer Chair in Basic Cardiovascular Research	Professor	N/A	N/A			Initial Appointment
Tender, Gabriel	6/1/2020	David G. Kline Professorship	Professor	N/A	N/A			Initial Appointment
Wehle, Arlean Abells	5/1/2020	DIRECTOR OF ACCOUNTING SERVICE		\$183,340	\$201,674	10.00%		PAY Sal Inc-Expan/Upgrade Duties
Wennerstrom, Ashley	4/1/2020	DIRECTOR OF ACADEMIC AREA	Associate Professor	\$130,000	\$143,000	10.00%		PAY Pay Change Other
Winsauer, Peter J	6/1/2020	Assistant Dean for Basic Sci Research	Professor	N/A	N/A			Initial Appointment
Winsauer, Peter J	6/1/2020	PROFESSOR	Professor	\$192,722	\$208,140	8.00%		PAY Sal Inc-Expan/Upgrade Duties

**LSUHSC-Shreveport****Personnel Actions**

<b>Name</b>	<b>Effective Date</b>	<b>Academic Rank/Title</b>	<b>Faculty Rank</b>	<b>Prev Salary</b>	<b>New Salary</b>	<b>% Net Change</b>	<b>Transaction</b>
Arnold,Connie L	4/1/2020	PROFESSOR	Professor	\$123,685	\$141,685	14.55%	PAY Change in Pay Unclassified
Crawford II,Byron E	5/1/2020	DEPARTMENT HEAD/CHAIRMAN	Professor	\$0	\$200,000	100.00%	HIR Appointment Unclassified
Davis,Terry C	4/1/2020	PROFESSOR	Professor	\$125,493	\$143,493	14.34%	PAY Change in Pay Unclassified
Mayeaux Jr.,Edward J	5/1/2020	PROFESSOR	Professor	\$0	\$225,000	100.00%	REH Appt- Acad Rank Unclass
Scarmardo,Marcia C.	6/15/2020	INSTRUCTOR	Instructor	\$0	\$150,000	100.00%	HIR Appointment-Academic Rank Uncl
Seidenberg,Peter H.	5/18/2020	DEPARTMENT HEAD/CHAIRMAN	Professor	\$0	\$175,000	100.00%	HIR Appointment-Academic Rank Uncl
Thibeaux,Toni W.	6/1/2020	ASST VICE CHANCELLOR		\$80,000	\$140,000	75.00%	PRO Promotion-Unclass/Admin Duties

# **Louisiana State University**



## **Semi-Annual Financial Report For Six-Month Period Ending June 30, 2020**

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## Finance & Administration

Date: August 14, 2020

To: Thomas C. Galligan, Jr.  
Interim President

From: Daniel T. Layzell  
Executive Vice President for Finance and Administration & CFO

Subject: Semi-Annual FY 2019-2020 Financial Report

LSU has completed the 2019-2020 fiscal year within its authorized budget authority. Ending the fiscal year within the authorized budget authority was the result of the cooperation, hard work, and dedication of hundreds of LSU employees from the vice presidents, deans, heads of budgetary units, down through the departmental personnel, to individual faculty and staff. All deserve credit for this accomplishment.

Due to the required submission date of the quarterly report, it should be noted that actual expenditure and revenue data presented in this report are preliminary. The data will be finalized once financial reporting entries are complete and audited by the Legislative Auditors. Thank you for your leadership and continued support of LSU. Please contact me should you have any questions concerning this report.

Unrestricted Operations		Actual Amount for each semi-annual period in 2019-2020		
		Adjusted Operating Budget	1st & 2nd Quarter	3rd & 4th Quarter
<b>Revenues</b>				
General Fund	115,968,824	67,648,483	48,320,341	115,968,824
Statutory Dedications	12,979,359	3,984,757	7,576,616	11,561,372
Interim Emergency Board	0	0	0	0
Interagency Transfers	13,020,608	3,855,353	9,162,920	13,018,273
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	433,116,716	312,411,169	113,448,888	425,860,056
Federal Funds	0	0	0	0
<b>Total Revenues</b>	<b>575,085,507</b>	<b>387,899,762</b>	<b>178,508,764</b>	<b>566,408,526</b>
<b>Expenditures by Object:</b>				
Salaries		130,479,921	135,281,583	265,761,504
Other Compensation		16,776,367	14,781,469	31,557,836
Related Benefits		54,386,674	60,142,010	114,528,685
Personal Services		<b>201,642,962</b>	<b>210,205,062</b>	<b>411,848,024</b>
Travel		1,765,067	1,282,606	3,047,674
Operating Services		13,653,533	4,545,880	18,199,413
Supplies		10,900,182	10,918,925	21,819,107
Operating Expenses		<b>26,318,783</b>	<b>16,747,411</b>	<b>43,066,194</b>
Professional Services		2,670,662	2,662,704	5,333,367
Other Charges		77,470,666	20,607,076	98,077,742
Debt Services		0	0	0
Interagency Transfers		232,066	686,100	918,166
Other Charges		<b>80,373,395</b>	<b>23,955,880</b>	<b>104,329,275</b>
General Acquisitions		2,746,896	3,532,348	6,279,244
Library Acquisitions		674,051	211,739	885,789
Major Repairs		0	0	0
Acquisitions and Major Repairs		<b>3,420,946</b>	<b>3,744,087</b>	<b>7,165,033</b>
<b>Total Expenditures</b>		<b>311,756,085</b>	<b>254,652,440</b>	<b>566,408,526</b>
<b>Expenditures by Function:</b>				
Instruction		104,015,938	110,556,613	214,572,551
Research		30,404,966	34,346,418	64,751,384
Public Service		2,498,776	2,724,093	5,222,870
Academic Support (Includes Library)		38,130,713	40,152,115	78,282,828
Academic Expenditures		<b>175,050,393</b>	<b>187,779,239</b>	<b>362,829,632</b>
Student Services		8,848,507	8,851,809	17,700,317
Institutional Support		19,706,562	16,056,752	35,763,315
Scholarships/Fellowships		76,935,643	22,220,942	99,156,585
Plant Operations/Maintenance		30,496,567	24,442,540	54,939,106
Hospital		0	0	0
Transfers out of agency		718,413	(4,698,841)	(3,980,428)
Athletics		0	0	0
Other		0	0	0
Non-Academic Expenditures		<b>136,705,692</b>	<b>66,873,202</b>	<b>203,578,894</b>
<b>Total Expenditures</b>		<b>311,756,085</b>	<b>254,652,440</b>	<b>566,408,526</b>

	<b>Beginning Acct/Fund Balance</b>	<b>1st &amp; 2nd Quarter Fund Balance</b>	<b>3rd &amp; 4th Quarter Fund Balance</b>
State Appropriations	0	0	0
Restricted Fees	22,136,801	32,555,977	23,049,920
Sales and Services of Educational Activities	12,477,543	10,364,107	12,949,594
Auxiliaries	41,500,921	60,698,130	37,348,231
Endowment Income	16,033,085	15,553,313	16,914,022
Grants and Contracts	2,244,857	17,917,149	(895,879)
Indirect Cost Recovered	32,001,935	34,091,200	37,140,046
Gifts	7,816,626	6,284,733	7,684,927
Federal Funds	0	0	0
Hospitals	0	0	0
All Other Sources	30,092,128	28,147,771	33,839,000
<b>TOTAL</b>	<b>164,303,896</b>	<b>205,612,379</b>	<b>168,029,862</b>

**Overview and Analysis of Campus Operations**

Revenues:  
 A budget amendment increasing Interagency Transfers by \$5,361,800 (Coronavirus Relief Fund) and \$44,692 (Lab School Minimum Foundation Program funding) was processed per HB 307 Supplemental Appropriations. Also included in HB 307 was a \$25,811 increase in Statutory Dedications (Lab School Education Excellence Fund) and a \$7,500,000 increase in Self-Generated Budget Authority due to an increase in student enrollment and F&A cost recovered. The shortfall in Statutory Dedicated funding is attributable to the Firemen Training (\$25,128) and SELF (\$1,367,047) fund revenues being less than the state Revenue Estimating Conference's estimate and the Lab School missing the submission deadline for utilizing Education Excellence Funds.

Expenditures:  
 The negative expenditure in the Transfer function is the Athletic Department transfer. This transfer is reflected as a negative expenditure due to the original source of the revenues being recorded in the Athletic Department and so not to "double count" the revenue as prescribed by the Governmental Accounting Standards Board (GASB). Also included in the negative is a one time transfer related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.



# Semi -Annual Overview of Restricted Operations

Campus: *Louisiana State University A&M*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations	0	0	0	0	0	0	0
Restricted Fees	22,136,801	29,474,020	19,054,844	32,555,977	14,185,858	23,691,916	23,049,920
Sales & Svcs of Educ. Activ's	12,477,543	10,094,112	12,207,548	10,364,107	10,138,244	7,552,757	12,949,594
Auxiliaries (List)							0
1 - Athletic Department	885,966	64,680,986	71,158,591	(5,591,639)	75,475,604	69,119,975	763,990
2 - Golf Course	883,061	325,352	342,563	865,850	153,936	361,969	657,817
3 - Residential Life	9,188,348	42,397,491	26,609,672	24,976,166	17,975,032	38,902,381	4,048,817
4 - Lab School Cafeteria	401,192	422,117	233,385	589,925	(67,820)	161,704	360,401
5 - Copier Mgmt & Mailing Services	7,158,286	1,027,445	516,217	7,669,514	886,541	406,184	8,149,870
6 - University Stores	282,021	2,643,723	2,665,864	259,880	1,790,201	1,789,924	260,158
7 - Parking, Traffic & Transportation	5,171,679	6,971,166	5,478,606	6,664,239	4,241,756	7,434,566	3,471,430
8 - Student Health	1,665,100	7,738,279	4,712,870	4,690,509	3,116,180	5,673,963	2,132,726
9 - Student Media	939,543	847,322	552,811	1,234,054	335,952	533,814	1,036,191
10 - Auxiliary Services	5,441,091	1,992,400	874,921	6,558,569	1,151,681	1,612,967	6,097,284
11 - Union	9,484,633	6,103,622	2,807,191	12,781,064	3,062,482	5,473,998	10,369,548
12		0	0	0	0	0	0
13		0	0	0	0	0	0
14		0	0	0	0	0	0
15		0	0	0	0	0	0
Endowment Income	16,033,085	1,259,160	1,738,933	15,553,313	3,236,552	1,875,842	16,914,022
Grants and Contracts							
Federal	490,807	54,195,241	54,665,081	20,966	65,103,566	65,143,494	(18,961)
State and Local	904,532	26,178,520	16,414,816	10,668,236	8,430,275	20,264,976	(1,166,465)
Private	849,518	16,153,762	9,775,333	7,227,946	3,463,782	10,402,181	289,547
Indirect Cost Recovered	32,001,935	4,307,775	2,218,510	34,091,200	10,158,104	7,109,257	37,140,046
Gifts	7,816,626	9,418,312	10,950,205	6,284,733	12,198,296	10,798,101	7,684,927
Federal Funds		0	0	0	0	0	0
Hospitals							
Hospital - Commercial/Self-Pay		0	0	0	0	0	0
Physician Practice Plans		0	0	0	0	0	0
Medicare		0	0	0	0	0	0
Medicaid		0	0	0	0	0	0
Uncompensated Care Costs		0	0	0	0	0	0
Sponsored Grants and Contracts		0	0	0	0	0	0
Sales and Services Other		0	0	0	0	0	0
All Other Sources	30,092,128	4,151,223	6,095,580	28,147,771	13,580,134	7,888,904	33,839,000
<b>TOTAL</b>	<b>164,303,896</b>	<b>290,382,026</b>	<b>249,073,543</b>	<b>205,612,379</b>	<b>248,616,356</b>	<b>286,198,873</b>	<b>168,029,862</b>

## Report on Restricted Operations

**Federal Grants:** The University must incur the expenses and seek reimbursement. Revenue is recognized after the expenses are incurred.

**State Grants:** The negative balance for State Grants is due to the GOHSEP grant COVID expenses which have not yet been submitted for reimbursement .

**Indirect Cost Recovered:** The fund balance is comprised of funds that are earmarked to be used as start-up funds for new faculty members, matching funds for grants, high cost maintenance expenses for research equipment or lab renovations, and other unexpected costs. The start up costs can range from \$100,000 for a researcher in Humanities and Social Sciences to \$500,000 for researchers in Engineering to amounts in excess of \$3 million for an internationally renowned researcher in the College of Science.



**Office of the Vice President for Agriculture**

Date: August 14, 2020

To: Tom Galligan, Interim President LSU System  
Louisiana State University

From: William Richardson, Vice President  
LSU Agricultural Center

Subject: FY 2019-2020 4<sup>th</sup> Quarter Budget Report

As a result of the COVID-19 pandemic, the AgCenter has transitioned the majority of educational programs statewide to virtual platforms. This includes working with producers, 4-H youth development initiatives and stakeholder training and educational opportunities through our extension network. We are now providing 4-H virtual recess for students, commodity field-days are being held online to update producers and industry stakeholders on the latest agricultural technology and research information, and community nutrition and outreach programs are transitioning to virtual programs.

With the restrictions on events and implementation of remote work status, lost revenue from cancelled events, direct costs of moving functions statewide to remote work locations and the purchase of sanitization and Personal Protective Equipment (PPE) have directly cost in excess of \$475,000 for FY2020. Additionally, the AgCenter is preparing for the investment of more than \$850,000 in information technology to replace significantly outdated computers, provide software for ADA compliance, improve connectivity at statewide parish offices and research stations, provide training for faculty and staff on new technology, which is essential to remaining in contact with stakeholders and updating security plans to combat increased risks to institutional information. This investment will better allow us to remain engaged with stakeholders and increase institutional IT security needs.

Stability in funding is a priority for the AgCenter and other non-formula institutions. Without students to generate tuition and fees, reductions to SFG, statutory dedications and increased operational costs (mandated costs) must be offset by reducing operations and programs. While the AgCenter does not have students, the AgCenter has provided financial support to the College of Agriculture annually in excess of \$400,000 to support increased opportunities for students and faculty needs.

Over the last few years, the AgCenter made significant changes in the way programs are developed and delivered. The statewide staffing program for agricultural agents was moved from a parish-based model to a broader commodity-based system meet clientele demands within existing resources. Throughout all functions, attention is being given to meeting stakeholder needs, recruiting students in agricultural disciplines for 4-H programs and for the College of Agriculture, expanding rural economic development initiatives and developing expanded opportunities for sustainable agricultural production.

With all of this in mind, the AgCenter has the following priorities for the coming year.

- Continue to maintain an appropriate extension presence in parishes, both in-person and virtually.
- Continue to refine the commodity based staffing plan for agricultural agents and develop supportive training strategies and web-based material.
- Examine 4-H programs to effectively increasing the overall program offerings and participation with an expanded use of technology for remote learning opportunities.

- Provide a critical mass of faculty at priority branch stations and in academic departments, including adequate faculty to teach in the College of Agriculture.
- Provide research and extension faculty to support Louisiana’s principal agricultural commodities and emerging areas, in particular, digital media.
- Provide adequate staff, operating support and infrastructure to support faculty programs.
- Capitalize on major grant-funded nutrition initiatives by maintaining adequate faculty to conduct general nutrition education.

The AgCenter has identified the following as critical needs in addition to existing core areas:

- 4-H career readiness and workforce preparation skills
- Water quality and quantity issues
- Food safety from farm to table, food security
- Rural connectivity
- Food innovation to promote Louisiana food products and entrepreneurialism, as well as develop functional foods
- Development and use of advanced technologies such as UAV and GIS as monitoring tools for diseases and pests in crops
- Clientele training on digital media and presentation of information
- Nutrition education, with a primary focus on reducing obesity

The AgCenter receives the majority of operational funds through three primary sources:

1. Federal capacity funds,
2. State appropriations, and
3. Local governments/Council/Police Jury/School Board

The AgCenter’s primary source of funding is through the state appropriation. In addition to the state appropriation, a federal appropriation is received which has been fairly stable, although this could change with pressures at the federal level. Support from local governments has also been stable in previous years, but declining revenues collected by local governments statewide are threatening this stability. Louisiana agricultural producers provide funds through check-off programs that directly support programs and research initiatives and the AgCenter also receives funds from technology transfer (intellectual property) and oil and gas royalties, most of which have been directly supporting salaries and support for extension and research faculty.

Thank you for the opportunity to describe the AgCenter’s budget priorities and needs and for the ongoing support you have provided for our programs.

Sincerely,



William B. Richardson  
Vice President for Agriculture  
and Dean of the College of Agriculture

cc: Lori Parker  
Hampton Grunewald

**Appendix A**  
**Semi-Annual Revenues and Expenditures Executive Summary**

<b>Unrestricted Operations</b>		<b>Actual Amount for each semi-annual period in 2019-2020</b>		
	<b>Adjusted Operating Budget</b>	<b>1st &amp; 2nd Quarter</b>	<b>3rd &amp; 4th Quarter</b>	<b>Cumulative Total</b>
<b>Revenues</b>				
General Fund	71,962,337	41,978,030	29,984,307	71,962,337
Statutory Dedications	4,259,625	1,945,512	1,761,379	3,706,891
Interim Emergency Board	0	0	0	0
Interagency Transfers	3,434,950	0	4,036,146	4,036,146
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	6,807,967	1,321,483	(887,735)	433,748
Federal Funds	13,018,275	1,472,396	10,674,895	12,147,291
<b>Total Revenues</b>	<b>99,483,154</b>	<b>46,717,421</b>	<b>45,568,992</b>	<b>92,286,413</b>
<b>Expenditures by Object:</b>				
Salaries		22,995,668	23,682,744	46,678,412
Other Compensation		1,418,469	1,392,482	2,810,951
Related Benefits		14,104,157	14,031,207	28,135,364
Personal Services		<b>38,518,294</b>	<b>39,106,433</b>	<b>77,624,727</b>
Travel		625,226	371,333	996,559
Operating Services		5,299,835	3,614,148	8,913,983
Supplies		1,604,048	1,532,595	3,136,643
Operating Expenses		<b>7,529,109</b>	<b>5,518,076</b>	<b>13,047,184</b>
Professional Services		237,353	154,521	391,874
Other Charges		98,939	129,980	228,919
Debt Services		0	0	0
Interagency Transfers		0	0	0
Other Charges		<b>336,292</b>	<b>284,501</b>	<b>620,793</b>
General Acquisitions		0	0	0
Library Acquisitions		0	0	0
Major Repairs		163,562	830,145	993,707
Acquisitions and Major Repairs		<b>163,562</b>	<b>830,145</b>	<b>993,707</b>
<b>Total Expenditures</b>		<b>46,547,256</b>	<b>45,739,155</b>	<b>92,286,411</b>
<b>Expenditures by Function:</b>				
Instruction		285,275	(285,275)	(0)
Research		13,121,401	14,483,753	27,605,155
Public Service		10,534,237	10,989,671	21,523,908
Academic Support (Includes Library)		1,256,050	1,331,414	2,587,464
Academic Expenditures		<b>25,196,962</b>	<b>26,519,564</b>	<b>51,716,526</b>
Student Services		0	0	0
Institutional Support		19,258,503	17,097,822	36,356,324
Scholarships/Fellowships		0	0	0
Plant Operations/Maintenance		2,091,791	2,121,769	4,213,560
Hospital		0	0	0
Transfers out of agency		0	0	0
Athletics		0	0	0
Other		0	0	0
Non-Academic Expenditures		<b>21,350,294</b>	<b>19,219,591</b>	<b>40,569,885</b>
<b>Total Expenditures</b>		<b>46,547,256</b>	<b>45,739,155</b>	<b>92,286,411</b>

Restricted Operations

	Beginning Acct/Fund Balance	1st & 2nd Quarter Fund Balance	3rd & 4th Quarter Fund Balance
State Appropriations	0	0	0
Restricted Fees	0	(1,457)	0
Sales and Services of Educational Activities	2,670,477	2,686,513	2,896,738
Auxiliaries	0	0	0
Endowment Income	503,148	472,292	547,786
Grants and Contracts	3,447,612	7,331,264	2,759,388
Indirect Cost Recovered	132,889	130,437	129,211
Gifts	4,650,654	4,374,211	4,534,025
Federal Funds	0	0	0
Hospitals	0	0	0
All Other Sources	7,486,620	10,337,434	15,039,183
<b>TOTAL</b>	<b>18,891,399</b>	<b>25,330,694</b>	<b>25,906,331</b>

Overview and Analysis of Campus Operations

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# Semi -Annual Overview of Restricted Operations

Campus: *LSU Agricultural Center*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations		0		0	0		0
Restricted Fees		0	1,457	(1,457)	0	(1,457)	0
Sales & Svcs of Educ. Activ's	2,670,477	1,028,611	1,012,575	2,686,513	879,317	669,092	2,896,738
Auxiliaries (List)							0
1		0		0	0		0
2		0		0	0		0
3		0		0	0		0
4		0		0	0		0
5		0		0	0		0
6		0		0	0		0
7		0		0	0		0
8		0		0	0		0
9		0		0	0		0
10		0		0	0		0
11		0		0	0		0
12		0		0	0		0
13		0		0	0		0
14		0		0	0		0
15		0		0	0		0
Endowment Income	503,148	45,033	75,889	472,292	139,556	64,062	547,786
Grants and Contracts							
Federal	(75,223)	3,070,079	2,993,215	1,641	3,143,037	3,190,100	(45,422)
State and Local	2,338,197	10,084,481	8,181,523	4,241,155	5,559,137	8,192,807	1,607,485
Private	1,184,638	4,890,671	2,986,840	3,088,468	391,358	2,282,501	1,197,326
Indirect Cost Recovered	132,889	0	2,452	130,437	0	1,226	129,211
Gifts	4,650,654	1,259,063	1,535,505	4,374,211	1,415,976	1,256,163	4,534,025
Federal Funds		0		0	0		0
Hospitals							
Hospital - Commercial/Self-Pay		0		0	0		0
Physician Practice Plans		0		0	0		0
Medicare		0		0	0		0
Medicaid		0		0	0		0
Uncompensated Care Costs		0		0	0		0
Sponsored Grants and Contracts		0		0	0		0
Sales and Services Other		0		0	0		0
All Other Sources	7,486,620	8,752,544	5,901,730	10,337,434	7,330,853	2,629,104	15,039,183
<b>TOTAL</b>	<b>18,891,399</b>	<b>29,130,481</b>	<b>22,691,186</b>	<b>25,330,694</b>	<b>18,859,235</b>	<b>18,283,599</b>	<b>25,906,331</b>

## Report on Restricted Operations

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## **Semi-Annual Budget Summary Narrative**

**For the Period Ending June 30, 2020**

### **Revenues**

Unrestricted Revenues were received as anticipated, with the exception of statutory dedications – the “Support Education in Louisiana Fund” (SELF) was short \$14,858. CARES Act funding of \$2.9M was received from the State of Louisiana to help cope with the fiscal effects of the COVID-19 pandemic. Restricted revenues in the form of gifts, grants and contracts were received at expected levels. All other collections are within expected levels.

The Pennington Biomedical Research Center Stores Auxiliary revenues were lower than anticipated for the second half of 2020 mainly due to the Center’s closure due to the COVID-19 pandemic. The pricing structure for Stores has been adjusted to achieve a more uniform mark-up, and we continue to closely monitor the Stores operations to ensure operations remain viable.

### **Expenditures**

Unrestricted expenditures were higher than anticipated due to the impact of the COVID-19 pandemic. Compliance with emergency orders from state officials required the suspension of virtually all clinical trials during the months of March, April, and June at the same time we were encouraged to keep all employees in paid status. This resulted in no ability to recover payroll costs for those months, and higher than expected unrestricted expenditures. Restricted funds expenditures are within expected parameters.

A handwritten signature in black ink, appearing to read "John P. Kirwan", written over a horizontal line.

John P. Kirwan, Ph.D.  
Executive Director

**Appendix A**  
**Semi-Annual Revenues and Expenditures Executive Summary**

<b>Unrestricted Operations</b>		<b>Actual Amount for each semi-annual period in 2019-2020</b>		
	<b>Adjusted Operating Budget</b>	<b>1st &amp; 2nd Quarter</b>	<b>3rd &amp; 4th Quarter</b>	<b>Cumulative Total</b>
<b>Revenues</b>				
General Fund	17,315,631	10,100,784	7,214,847	17,315,631
Statutory Dedications	93,864	43,309	35,698	79,006
Interim Emergency Board	0	0	0	0
Interagency Transfers	2,200,000	0	2,917,240	2,917,240
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	845,561	70,083	775,475	845,558
Federal Funds	0	0	0	0
<b>Total Revenues</b>	<b>20,455,056</b>	<b>10,214,176</b>	<b>10,943,259</b>	<b>21,157,435</b>
<b>Expenditures by Object:</b>				
Salaries		6,321,134	6,160,195	12,481,329
Other Compensation		791,647	558,874	1,350,520
Related Benefits		2,435,439	2,626,887	5,062,326
Personal Services		<b>9,548,219</b>	<b>9,345,956</b>	<b>18,894,175</b>
Travel		14,821	13,903	28,725
Operating Services		758,532	604,240	1,362,773
Supplies		691,291	476,918	1,168,209
Operating Expenses		<b>1,464,645</b>	<b>1,095,061</b>	<b>2,559,706</b>
Professional Services		18,567	30,316	48,884
Other Charges		7,012	8,421	15,432
Debt Services		0	0	0
Interagency Transfers		0	(400,000)	(400,000)
Other Charges		<b>25,579</b>	<b>(361,263)</b>	<b>(335,684)</b>
General Acquisitions		0	0	0
Library Acquisitions		0	0	0
Major Repairs		25,778	13,460	39,238
Acquisitions and Major Repairs		<b>25,778</b>	<b>13,460</b>	<b>39,238</b>
<b>Total Expenditures</b>		<b>11,064,220</b>	<b>10,093,215</b>	<b>21,157,435</b>
<b>Expenditures by Function:</b>				
Instruction		1,966	(1,966)	0
Research		2,816,259	3,074,692	5,890,951
Public Service		109,712	114,751	224,462
Academic Support (Includes Library)		3,192,655	3,014,704	6,207,359
Academic Expenditures		<b>6,120,592</b>	<b>6,202,180</b>	<b>12,322,772</b>
Student Services		0	0	0
Institutional Support		2,276,305	1,977,961	4,254,265
Scholarships/Fellowships		0	0	0
Plant Operations/Maintenance		2,666,763	1,913,635	4,580,398
Hospital		0	0	0
Transfers out of agency		560	(560)	0
Athletics		0	0	0
Other		0	0	0
Non-Academic Expenditures		<b>4,943,628</b>	<b>3,891,035</b>	<b>8,834,663</b>
<b>Total Expenditures</b>		<b>11,064,220</b>	<b>10,093,216</b>	<b>21,157,435</b>



Restricted Operations

	<b>Beginning Acct/Fund Balance</b>	<b>1st &amp; 2nd Quarter Fund Balance</b>	<b>3rd &amp; 4th Quarter Fund Balance</b>
State Appropriations	0	0	0
Restricted Fees	0	0	0
Sales and Services of Educational Activities	124,469	104,127	109,990
Auxiliaries	70,981	49,809	(14,505)
Endowment Income	0	0	0
Grants and Contracts	2,873,291	3,438,983	2,336,482
Indirect Cost Recovered	1,385,088	1,064,586	745,282
Gifts	540,219	889,490	600,641
Federal Funds	0	0	0
Hospitals	0	0	0
All Other Sources	619,376	514,311	840,928
<b>TOTAL</b>	<b>5,613,424</b>	<b>6,061,305</b>	<b>4,618,818</b>

Overview and Analysis of Campus Operations

**Expenditures**

Unrestricted expenditures were higher than anticipated due to the impact of the COVID-19 pandemic. Compliance with emergency orders from state officials required the suspension of virtually all clinical trials during the months of March, April, and June at the same time we were encouraged to keep all employees in paid status. This resulted in no ability to recover payroll costs for those months, and higher than expected unrestricted expenditures. Restricted funds expenditures are within expected parameters.

# Semi -Annual Overview of Restricted Operations

Campus: *LSU Pennington Biomedical Research Center*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations		0		0	0		0
Restricted Fees		0		0	0		0
Sales & Svcs of Educ. Activ's	124,469	119,103	139,445	104,127	155,120	149,257	109,990
Auxiliaries (List)							0
Pennington Stores	70,981	617,563	638,735	49,809	596,653	660,967	(14,505)
2		0		0	0		0
3		0		0	0		0
4		0		0	0		0
5		0		0	0		0
6		0		0	0		0
7		0		0	0		0
8		0		0	0		0
9		0		0	0		0
10		0		0	0		0
11		0		0	0		0
12		0		0	0		0
13		0		0	0		0
14		0		0	0		0
15		0		0	0		0
Endowment Income		0		0	0		0
Grants and Contracts							
Federal	21,725	9,021,427	9,280,598	(237,446)	11,170,701	10,923,429	9,826
State and Local	1,232,101	948,677	1,203,684	977,094	1,996,651	2,024,468	949,276
Private	1,619,465	4,285,618	3,205,748	2,699,335	2,791,977	4,113,932	1,377,380
Indirect Cost Recovered	1,385,088	3,493,757	3,814,259	1,064,586	3,137,334	3,456,638	745,282
Gifts	540,219	983,591	634,320	889,490	396,255	685,104	600,641
Federal Funds		0		0	0		0
Hospitals							
Hospital - Commercial/Self-Pay		0		0	0		0
Physician Practice Plans		0		0	0		0
Medicare		0		0	0		0
Medicaid		0		0	0		0
Uncompensated Care Costs		0		0	0		0
Sponsored Grants and Contracts		0		0	0		0
Sales and Services Other		0		0	0		0
All Other Sources	619,376	0	105,065	514,311	694,872	368,255	840,928
<b>TOTAL</b>	<b>5,613,424</b>	<b>19,469,736</b>	<b>19,021,855</b>	<b>6,061,305</b>	<b>20,939,563</b>	<b>22,382,050</b>	<b>4,618,818</b>

## Report on Restricted Operations

**Louisiana State University of Alexandria**  
**Semi-Annual Financial Report Narrative**

Overview and Analysis of Campus Operations:

Overall enrollment for the FY20 year was up 5% over the previous year. However, net unrestricted revenue was only up \$60,602. This was due to the primary enrollment increase being in 100% online programs, which are assessed tuition at a lower rate. On-campus enrollment was down once again. The year ended with an excess of \$750,000 being set aside for Online Program contractual payments, as well as \$326,120 being used to offset expenses in auxiliary accounts – resulting in an overall increase of restricted and auxiliary account balances.

In mid-March 2020, the university essentially shutdown due to the COVID-19 pandemic. While there were some unexpected costs, the university realized a net savings while operating a limited capacity through the last quarter of the fiscal year. Additional costs were mitigated through federal CARES funding. LSUA received \$999,998 in direct student support funding and \$999,997 in institutional support through the CARES act. Student support awards were disbursed in May of 2020. Through the end of the fiscal year, \$139,245.00 of the institutional CARES funds had been expended.

Personnel costs continue to be the top expense for unrestricted operating dollars. While the institution closed the year with a small excess, all departments remain underfunded. The silver lining in a year filled with uncertainty, was the overall positive change in net position. Excluding the state CRF funding of \$2,676,970.75, and the \$750,000 set aside online contractual obligations, the university realized an increase in net position of \$1,893,109.79 and ending at \$66,009,102.31 in total assets.

Report on Restricted Operations:

The primary concern remains to be Athletics; however, significant progress was made on their overall account debt. The year began at (\$1,111,542.91) and ended at (\$776,993.50) – a 30% decrease! This was made possible by the short athletic seasons of spring sports as well as the university covering \$150,000 in expenses. Over the past 5 years, the Athletics deficit had increased from \$300,000 to \$1.1M. This year was a great step in moving this balance closer to nominal operating funding. The plan going into the year was to begin the process of lower this debt. In that regards, the year was a success.

In January 2020, administration made the decision to completely revamp childcare operations on campus, beginning with the replacement of leadership. This change was made immediately, and a search began for a new director. COVID-19 extended the search, but it ended successfully with a new director in place

as well as two, Chancellor appointed, faculty members to facilitate the change. Current plans are to pour adequate resources and staffing into the center for two years in an attempt to turn-around the downward spiral in operating revenues. While the center ended the year once again in the red, the university was able to cover around \$30,000 in expense to help with offsetting a portion of the loss.

All other restricted accounts ended the year as projected. As a whole, the auxiliary balance increased by 38.2% from FY20 to \$1,884,907.67. The goal has been, and continues to be, to have a minimum total operating balance of at least \$2,000,000.



Unrestricted Operations		Actual Amount for each semi-annual period in 2019-2020		
		Adjusted Operating Budget	1st & 2nd Quarter	3rd & 4th Quarter
<b>Revenues</b>				
General Fund	5,100,153	2,975,091	2,125,062	5,100,153
Statutory Dedications	267,407	123,381	101,698	225,079
Interim Emergency Board	0	0	0	0
Interagency Transfers	2,576,300	0	2,576,300	2,576,300
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	18,441,127	15,282,087	692,546	15,974,633
Federal Funds	0	0	0	0
<b>Total Revenues</b>	<b>26,384,987</b>	<b>18,380,559</b>	<b>5,495,606</b>	<b>23,876,165</b>
<b>Expenditures by Object:</b>				
Salaries		5,276,734	5,497,497	10,774,231
Other Compensation		121,671	79,407	201,078
Related Benefits		2,582,515	3,011,055	5,593,570
Personal Services		<b>7,980,920</b>	<b>8,587,959</b>	<b>16,568,879</b>
Travel		47,817	39,261	87,078
Operating Services		1,192,965	671,382	1,864,347
Supplies		272,183	479,734	751,917
Operating Expenses		<b>1,512,965</b>	<b>1,190,377</b>	<b>2,703,342</b>
Professional Services		1,314,424	469,320	1,783,744
Other Charges		858,482	1,927,495	2,785,977
Debt Services		0	0	0
Interagency Transfers		0	0	0
Other Charges		<b>2,172,906</b>	<b>2,396,815</b>	<b>4,569,721</b>
General Acquisitions		6,602	27,444	34,046
Library Acquisitions		112	65	177
Major Repairs		0	0	0
Acquisitions and Major Repairs		<b>6,714</b>	<b>27,509</b>	<b>34,223</b>
<b>Total Expenditures</b>		<b>11,673,505</b>	<b>12,202,660</b>	<b>23,876,165</b>
<b>Expenditures by Function:</b>				
Instruction		4,645,620	3,721,321	8,366,941
Research		0	0	0
Public Service		0	0	0
Academic Support (Includes Library)		568,230	486,125	1,054,355
Academic Expenditures		<b>5,213,850</b>	<b>4,207,446</b>	<b>9,421,296</b>
Student Services		574,476	810,177	1,384,653
Institutional Support		3,680,129	4,095,241	7,775,370
Scholarships/Fellowships		850,420	811,762	1,662,182
Plant Operations/Maintenance		1,354,630	1,166,934	2,521,564
Hospital		0	0	0
Transfers out of agency		0	1,111,100	1,111,100
Athletics		0	0	0
Other		0	0	0
Non-Academic Expenditures		<b>6,459,655</b>	<b>7,995,214</b>	<b>14,454,869</b>
<b>Total Expenditures</b>		<b>11,673,505</b>	<b>12,202,660</b>	<b>23,876,165</b>

## Restricted Operations

	Beginning Acct/Fund Balance	1st & 2nd Quarter Fund Balance	3rd & 4th Quarter Fund Balance
State Appropriations	0	0	0
Restricted Fees	1,944,995	2,984,636	3,081,338
Sales and Services of Educational Activities	369,201	421,213	376,813
Auxiliaries	1,364,005	2,066,899	2,079,410
Endowment Income	678,221	505,420	506,379
Grants and Contracts	25,185	11,629	(51,369)
Indirect Cost Recovered	13,862	13,945	14,369
Gifts	120,287	187,526	156,047
Federal Funds	0	0	0
Hospitals	0	0	0
All Other Sources	(109,500)	83,892	2,667,088
<b>TOTAL</b>	<b>4,406,254</b>	<b>6,275,158</b>	<b>8,830,073</b>

## Overview and Analysis of Campus Operations

Overall enrollment for the FY20 year was up 5% over the previous year. However, net unrestricted revenue was only up \$60,602. This was due to the primary enrollment increase being in 100% online programs, which are assessed tuition at a lower rate. On-campus enrollment was down once again. The year ended with an excess of \$750,000 being set aside for Online Program contractual payments, as well as \$326,120 being used to offset expenses in auxiliary accounts – resulting in an overall increase of restricted and auxiliary account balances.

In mid-March 2020, the university essentially shutdown due to the COVID-19 pandemic. While there were some unexpected costs, the university realized a net savings while operating a limited capacity through the last quarter of the fiscal year. Additional costs were mitigated through federal CARES funding. LSUA received \$999,998 in direct student support funding and \$999,997 in institutional support through the CARES act. Student support awards were disbursed in May of 2020. Through the end of the fiscal year, \$139,245.00 of the institutional CARES funds had been expended.

Personnel costs continue to be the top expense for unrestricted operating dollars. While the institution closed the year with a small excess, all departments remain underfunded. The silver lining in a year filled with uncertainty, was the overall positive change in net position. Excluding the state CRF funding of \$2,676,970.75, and the \$750,000 set aside online contractual obligations, the university realized an increase in net position of \$1,893,109.79 and ending at \$66,009,102.31 in total assets.

Top priorities continue to be enrollment growth and an increase in retention rates.

# Semi -Annual Overview of Restricted Operations

Campus: *Louisiana State University - Alexandria*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations		0		0	0		0
Restricted Fees	1,944,995	1,606,301	566,660	2,984,636	386,062	289,360	3,081,338
Sales & Svcs of Educ. Activ's	369,201	81,202	29,190	421,213	(25,461)	18,939	376,813
Auxiliaries (List)							0
1 - Athletic Department	(1,111,543)	916,227	486,360	(681,676)	178,993	274,310	(776,993)
2 - Bookstore	987,703	62,299	(2,224)	1,052,226	55,871	(3,274)	1,111,371
3 - Child Care Center	(126,640)	74,998	78,277	(129,919)	64,416	45,785	(111,288)
4 - Campus Housing	(14,691)	115,628	81,686	19,252	58,004	35,477	41,779
5 - Campus Card Operations	9,102	0	3,815	5,287	25,084	21,094	9,277
6 - Duplications & Copy	85,027	49,233	67,677	66,583	42,160	56,287	52,456
7 - Golf Course	(26,791)	24,855	46,701	(48,638)	14,150	9,146	(43,634)
8 - Museum	22,345	125,000	158,502	(11,157)	200,004	167,913	20,934
9 - Newspaper	9,539	3,314	4,923	7,930	395	8,229	96
10 - Parking, Street & Safety	721,032	90,442	2,541	808,932	29,934	4,408	834,458
11 - Union	738,838	371,119	201,956	908,001	67,036	105,673	869,364
12 - Yearbook	70,084	(6)		70,078	1,512		71,590
13		0		0	0		0
14		0		0	0		0
15		0		0	0		0
Endowment Income	678,221	(163,295)	9,506	505,420	5,010	4,051	506,379
Grants and Contracts							
Federal	3,711	3,468,421	3,474,070	(1,938)	4,407,470	4,405,360	172
State and Local	7,974	3,998	34,815	(22,843)	(14,002)	28,196	(65,041)
Private	13,500	31,070	8,160	36,410	18,300	41,210	13,500
Indirect Cost Recovered	13,862	83		13,945	424		14,369
Gifts	120,287	324,904	257,665	187,526	326,422	357,901	156,047
Federal Funds		0		0	0		0
Hospitals							
Hospital - Commercial/Self-Pay		0		0	0		0
Physician Practice Plans		0		0	0		0
Medicare		0		0	0		0
Medicaid		0		0	0		0
Uncompensated Care Costs		0		0	0		0
Sponsored Grants and Contracts		0		0	0		0
Sales and Services Other		0		0	0		0
All Other Sources	(109,500)	193,392		83,892	2,586,237	3,041	2,667,088
<b>TOTAL</b>	<b>4,406,254</b>	<b>7,379,185</b>	<b>5,510,283</b>	<b>6,275,158</b>	<b>8,428,021</b>	<b>5,873,106</b>	<b>8,830,073</b>

## Report on Restricted Operations

The primary concern remains to be Athletics; however, significant progress was made on their overall account debt. The year began at (\$1,111,542.91) and ended at (\$776,993.50) – a 30% decrease! This was made possible by the short athletic seasons of spring sports as well as the university covering \$150,000 in expenses. Over the past 5 years, the Athletics deficit had increased from \$300,000 to \$1.1M. This year was a great step in moving this balance closer to nominal operating funding. The plan going into the year was to begin the process of lower this debt. In that regards, the year was a success.

In January 2020, administration made the decision to completely revamp childcare operations on campus, beginning with the replacement of leadership. This change was made immediately, and a search began for a new director. COVID-19 extended the search, but it ended successfully with a new director in place as well as two, Chancellor appointed, faculty members to facilitate the change. Current plans are to pour adequate resources and staffing into the center for two years in an attempt to turn-around the downward spiral in operating revenues. While the center ended the year once again in the red, the university was able to cover around \$30,000 in expense to help with offsetting a portion of the loss.

All other restricted accounts ended the year as projected. As a whole, the auxiliary balance increased by 38.2% from FY20 to \$1,884,907.67. The goal has been, and continues to be, to have a minimum total operating balance of at least \$2,000,000.



## Final Financial Report Narrative FY 2019-20

### Overview and Analysis of Campus Operations

LSU Eunice's unrestricted actual revenue for FY 2019-20 is \$14,531,335 and represents a decrease of \$1,160,416 from the beginning unrestricted budget of \$15,691,751 due to a decrease in FTE enrollment and student tuition and fees. LSUE served a student population of 2,989 (Fall 2019) and relies on self-generated revenue (67%) and State appropriations (33%) to operate. As compared to Fall 2018, LSUE realized a decrease in student headcount of 244 and a 1,632 decrease in semester credit hours. This is a 7.52% decline in headcount and a 5.09% decline in Student Credit Hours enrolled. Spring 2020 was down 266 students in headcount (-9.43% compared to Spring 2019) and down -2,269 in Student Credit Hours (-8.20%) Total student headcount for AY 19-20 was 6293 and is a decrease of 529 students as compared to AY 18-19 (6822).

In the Fall 2019, enrollment did not meet projected increases. Total headcount concluded at 2,989. Areas that were not as strong as 2018-19 were in the categories of New Students, Dual Enrollment and the number of developmental education students served at LSUA.

On October 23<sup>rd</sup>, LSUE was the target of a cyber-ransomware attack that stopped all electronic and digital business operations for three weeks, with only basic operating capability restored by mid-November. Despite these challenges, through the combined efforts of emergency operations teams, the extraordinary efforts of students, faculty and staff, the semester concluded on time. Losses were approximately \$2M as the cost of operations, equipment and lost revenue continued to accrue. Restoration work continued throughout the year and losses are not yet 100% accounted for as reconciliation and insurance claims are still in process.

In March 2020, LSUE joined the LSU system in its rapid and unprecedented transition into online education and virtual services.

In spite of these major events the following projects and activities occurred:

- Fall 2019 Graduation was one of the largest and most diverse in LSUE history.
- LSUE continues its role with the U.S. Department of Education as an Experimental Site for federal Title IV funding for Louisiana high school students and completed a site visit in Fall 2019.
- LSUE Nursing Students achieved a 91% Pass Rate in state board certification.
- The Nursing Program was the recipient of two grants:
  - Board of Regents grant that expanded the capacity of the LPN to RN program by 8 students which is a 12% increase.
  - Rapid Response Workforce Grant for \$162K
- SACSCOC Fifth Year report completed in August 2019 and approved in January 2020.
- Partnership with Opelousas General Hospital to establish a Well Smart Health Clinic serving students, employees and the public.



- Launched the Associate of General Studies Degree with LSU Online and developed the model to fast track six additional degrees and certificates in the 20-21 year.
- As a result of the ransomware attack, the campus completed unprecedented improvement in the modernization of hardware, software, cybersecurity and compliance.
- All instruction became 100% online as of March 17, 2020.
  - Faculty have completed the rapid acquirement of technology skills to deliver virtual instruction.
- All services became 100% virtual as of March 17, 2020.
  - New products were developed to include:
    - Online Orientation
    - Virtual Campus Tour
    - Virtual Advising
- \$2M in CARES Act funds were received.
  - Almost 700K were disbursed to students attending Spring 2020.
  - Approximately \$330K are available to assist students for 20-21.
  - \$1M will be used to improve online education
- \$100K in CARES Act funds for Minority Serving Institutions were received.
  - Funds will be used in direct assistance to students.
- Successfully completed the selection of a new Vice Chancellor of Academic Affairs, Dr. John Hamlin.
- LSUE is implementing the most aggressive enrollment management plan in college history focusing on:
  - Outreach/Recruitment
  - Retention
  - Improved and streamlined procedures in Financial Aid
  - Strategic use of scholarships
  - Reducing process barriers for students and other end users
- LSUE website underwent significant improvement in end-user accessibility
- LSUE Public Affairs has acquired a new Director who is leading a transformation of marketing and communication.
- Summer 2020 enrollment is ahead of Summer 2019

### **Report on restricted operations:**

Auxiliary operations include athletics, bookstore, student media and union operations. Bookstore revenues are stable and provided a portion of funding to help offset the start-up costs of new academic programs and equipment. Restricted operations ended the year with a balance of \$2,465,745. While LSUE increased its fees for student athletics and activities for the 18-19 academic year, it did not cover the total funding needed for the addition of three sports. LSUE's mission is to provide a quality education, student life experiences, and community service opportunities to educate the whole student. The student athlete program remains a vital part of the overall LSUE experience.

**FY 2019-20 priorities:**

The priority of creating a transparent budget for the campus that resulted in a common understanding of Eunice's assets and liabilities for the 19-20 academic year as well as to project for upcoming years, was realized to a large degree. Due to an extreme year of unforeseen challenges and opportunities there is still more work to be done.

LSUE continues to move forward on the need for additional housing. Almost 150 students were not able to be admitted in the Fall 2019 due to the lack of housing. The Science Building, the original structure of the campus, is the co-equal number one priority for the future of LSUE. An assessment of the structure did not occur in 2019-20, although funds were committed to complete an initial study. The Science Building project has been renamed to the STEAM (A being Agriculture) Innovation Center.

Academic year 19-20 was one of analysis and data gathering in order to implement a strategic enrollment management plan to provide for growth based on improved student success and meeting the needs of the local community. Both major hospital partners, Lafayette and Opelousas have expressed the need for a Medical Laboratory Technology program. LSUE will strive to increase course completions, program completions and graduate rates over the next academic year.

Other initiatives include increasing university-wide marketing and advertising, improving residential and student life, improving the diversity of LSUE employees to better reflect the student population, renovating critical facilities to improve the efficiency and the physical appearance of the campus and enhancing resources for campus safety and security. In addition, LSUE will continue to invest in its employees to provide a positive, friendly, and diverse working environment reflective of LSUE's mission and values.

<b>Unrestricted Operations</b>		Actual Amount for each semi-annual period in 2019-2020		
	Adjusted Operating Budget	1st & 2nd Quarter	3rd & 4th Quarter	Cumulative Total
<b>Revenues</b>				
General Fund	4,814,477	2,808,445	2,006,032	4,814,477
Statutory Dedications	248,891	114,838	94,656	209,494
Interim Emergency Board	0	0	0	0
Interagency Transfers	3,076,600	0	1,758,165	1,758,165
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	10,628,383	8,733,792	(979,959)	7,753,833
Federal Funds	0	0	0	0
<b>Total Revenues</b>	<b>18,768,351</b>	<b>11,657,075</b>	<b>2,878,894</b>	<b>14,535,969</b>
<b>Expenditures by Object:</b>				
Salaries		3,782,397	3,984,743	7,767,139
Other Compensation		87,448	55,145	142,592
Related Benefits		1,877,024	2,153,229	4,030,253
Personal Services		<b>5,746,868</b>	<b>6,193,116</b>	<b>11,939,984</b>
Travel		40,538	19,261	59,799
Operating Services		955,588	362,121	1,317,709
Supplies		455,437	214,302	669,739
Operating Expenses		<b>1,451,564</b>	<b>595,684</b>	<b>2,047,247</b>
Professional Services		6,489	51,609	58,098
Other Charges		536,399	(177,198)	359,201
Debt Services		0	0	0
Interagency Transfers		0	0	0
Other Charges		<b>542,887</b>	<b>(125,589)</b>	<b>417,299</b>
General Acquisitions		90,099	41,340	131,439
Library Acquisitions		0	0	0
Major Repairs		0	0	0
Acquisitions and Major Repairs		<b>90,099</b>	<b>41,340</b>	<b>131,439</b>
<b>Total Expenditures</b>		<b>7,831,418</b>	<b>6,704,552</b>	<b>14,535,969</b>
<b>Expenditures by Function:</b>				
Instruction		2,464,941	2,542,859	5,007,800
Research		0	0	0
Public Service		0	0	0
Academic Support (Includes Library)		241,797	224,959	466,757
Academic Expenditures		<b>2,706,738</b>	<b>2,767,819</b>	<b>5,474,557</b>
Student Services		471,065	431,043	902,109
Institutional Support		3,013,584	2,979,560	5,993,144
Scholarships/Fellowships		526,944	606,410	1,133,354
Plant Operations/Maintenance		1,113,086	465,085	1,578,171
Hospital		0	0	0
Transfers out of agency		0	(550,000)	(550,000)
Athletics		0	0	0
Other		0	0	0
Non-Academic Expenditures		<b>5,124,679</b>	<b>3,932,099</b>	<b>9,056,778</b>
<b>Total Expenditures</b>		<b>7,831,418</b>	<b>6,699,917</b>	<b>14,531,335</b>

## Restricted Operations

	<b>Beginning Acct/Fund Balance</b>	<b>1st &amp; 2nd Quarter Fund Balance</b>	<b>3rd &amp; 4th Quarter Fund Balance</b>
State Appropriations	0	0	0
Restricted Fees	484,099	1,086,499	587,876
Sales and Services of Educational Activities	0	(10,781)	0
Auxiliaries	395,113	1,466,493	12,805
Endowment Income	72,820	72,070	73,398
Grants and Contracts	1,703	121,776	5,703
Indirect Cost Recovered	0	0	0
Gifts	11,147	(23,800)	(37,647)
Federal Funds	0	0	0
Hospitals	0	0	0
All Other Sources	49,650	50,010	1,823,610
<b>TOTAL</b>	<b>1,014,531</b>	<b>2,762,267</b>	<b>2,465,745</b>

## Overview and Analysis of Campus Operations

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# Semi -Annual Overview of Restricted Operations

Campus: *Louisiana State University - Eunice*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations		0		0	0		0
Restricted Fees	484,099	772,640	170,239	1,086,499	(74,420)	424,204	587,876
Sales & Svcs of Educ. Activ's	0	15,018	25,799	(10,781)	18,101	7,320	0
Auxiliaries (List)							0
1 Bookstore	331,545	776,463	823,870	284,138	572,116	641,435	214,819
2 Union	331,720	186,548	30,380	487,889	53,238	317,223	223,903
3 Athletics	(669,676)	860,763	449,483	(258,396)	73,568	463,408	(648,237)
4 Media	63,528	7,104	2,672	67,960	2,019	9,206	60,772
5 Housing	337,996	993,782	446,875	884,903	152,352	875,708	161,547
6		0		0	0		0
7		0		0	0		0
8		0		0	0		0
9		0		0	0		0
10		0		0	0		0
11		0		0	0		0
12		0		0	0		0
13		0		0	0		0
14		0		0	0		0
15		0		0	0		0
Endowment Income	72,820	6,822	7,572	72,070	9,266	7,938	73,398
Grants and Contracts							
Federal	0	2,809,528	2,809,528	0	3,591,078	3,591,078	0
State and Local	7	245,246	125,173	120,080	45,810	165,883	7
Private	1,696	0		1,696	4,000		5,696
Indirect Cost Recovered		0		0	0		0
Gifts	11,147	322,211	357,158	(23,800)	264,961	278,807	(37,647)
Federal Funds		0		0	0		0
Hospitals							
Hospital - Commercial/Self-Pay		0		0	0		0
Physician Practice Plans		0		0	0		0
Medicare		0		0	0		0
Medicaid		0		0	0		0
Uncompensated Care Costs		0		0	0		0
Sponsored Grants and Contracts		0		0	0		0
Sales and Services Other		0		0	0		0
All Other Sources	49,650	360		50,010	1,773,600		1,823,610
<b>TOTAL</b>	<b>1,014,531</b>	<b>6,996,484</b>	<b>5,248,748</b>	<b>2,762,267</b>	<b>6,485,689</b>	<b>6,782,211</b>	<b>2,465,745</b>

## Report on Restricted Operations



Office of Business Affairs  
318.797.5278 Phone  
318.798.4141 Fax

One University Place  
Shreveport, LA 71115-2399

August 14, 2020

Dr. Tom Galligan  
Interim President  
Louisiana State University  
3810 West Lakeshore Drive  
Baton Rouge, La 70808

Subject: Fiscal Year 2021 Budget

Dear Dr. Galligan:

I am pleased to inform you that despite state budget cuts, LSUS begins this year being in stable financial condition and expecting enrollment from Fall '19 to Fall '20 to be at least 1,000 students higher.

**Initiatives and/or Changes Associated with New Fiscal Year.** There are a number of new initiatives and/or challenges associated with our new fiscal year. These include:

- Salary increases for classified staff (up to 4%).
- Salary increases are budgeted for faculty and professional staff although we are not certain that these will be allowed in these economic times.
- The addition of approximately 25 new positions for full-time faculty *and* 23 replacement or new staff members. The breakdown of those hired faculty and staff include approximately 17 tenure-track or tenured faculty, 9 non-tenure-track faculty, and 23 staff or administrative positions. This has been critical to provide quality instruction to our students and to meet program accreditation expectations with the enrollment now at approximately 9,000 students. LSUS was careful to hire non-tenured faculty versus all tenure-track faculty, as we are always aware that our graduate on-line enrollment could decline.
- Finally, with the new roof on our Health & Physical Education Building, we have broken ground on the state of the art Exercise Science Lab. The lab will contain a one of a kind atmospheric chamber in the state that will allow for research and testing of atmospheric processes at realistic but controlled conditions.
- The Cybercollaboratory was completed and LSUS plans to leverage this state of the art space along with the secured LED Grant to assist LSUS in leading our students into the STEM workplace of the future and effectively collaborating with regional stakeholders. The space is ideal for collaboration with LSU, PBRC and LSU Health Shreveport.
- Now that LSUS has bought out the remaining 14 years of the lease on student housing, we will complete renovations on 75% of the apartments and initiate residence life programming to that engages our students in on campus living.
- LSUS plans to put forward at least three new academic program offerings, in the technology and health care areas, to the LSU Board of Supervisors and Board of Regents
- With the split of our College of Business, Education and Human Development into two Colleges, two new initiatives are underway. A new Business Intelligence Lab in the College of Business and a new state of the art Educational Resource Center to "teach the teacher". Also within the

College of Education, an assessment is being done on the needs for a Community Counseling and Psychology Clinic that may allow for an additional revenue stream for LSUS.

- LSUS has hired the new Associate VC for Diversity and Inclusion. With the new position, we will begin initiatives to ensure that the campus environment is inviting and equitable to all.

**Major Challenges Associated with New Fiscal Year.** There are major challenges associated with the new fiscal year.

- Need to continue the focus on increasing undergraduate enrollment. LSUS is predicting slightly over 100 first time freshmen in the Fall of '20 over Fall of '19. Of course, this does not stabilize LSUS' economic situation if LSUS were to take a downturn in our large graduate online population. The University would be in financial exigency with the loss in the graduate programs' enrollment.
- Continued need to effectively address salary compaction and market issues, especially for long term faculty and staff that have not had a permanent raise
- The potential for a mid-year budget cut will be difficult for LSUS as we had already begun self-funded capital projects in FY19-20 that will need to be seen to completion. The self-funded capital projects are necessary to bring the campus up to a standard worthy of attracting students to the campus.

LSU Shreveport is grateful to begin the new fiscal year with a stable state appropriated budget. This has significantly contributed to our financial stability as we begin the year. The financial condition of LSUS is still tightly linked to state appropriations and student payment of tuition and fees. As such we continue to worry about the future of state appropriations and the ability to keep our enrollment numbers increasing.

Sincerely,



Barbie Cannon  
Vice Chancellor for Business Affairs

<b>Unrestricted Operations</b>		Actual Amount for each semi-annual period in 2019-2020		
	Adjusted Operating Budget	1st & 2nd Quarter	3rd & 4th Quarter	Cumulative Total
<b>Revenues</b>				
General Fund	9,031,005	5,268,088	3,762,917	9,031,005
Statutory Dedications	629,390	290,399	239,365	529,763
Interim Emergency Board	0	0	0	0
Interagency Transfers	781,100	0	781,100	781,100
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	50,994,397	35,104,274	14,093,814	49,198,088
Federal Funds	0	0	0	0
<b>Total Revenues</b>	<b>61,435,892</b>	<b>40,662,761</b>	<b>18,877,195</b>	<b>59,539,957</b>
<b>Expenditures by Object:</b>				
Salaries		9,176,929	8,907,344	18,084,272
Other Compensation		302,967	248,055	551,021
Related Benefits		4,401,756	5,273,164	9,674,920
Personal Services		<b>13,881,651</b>	<b>14,428,563</b>	<b>28,310,214</b>
Travel		89,310	90,972	180,282
Operating Services		2,021,793	4,337,417	6,359,211
Supplies		782,029	1,615,697	2,397,726
Operating Expenses		<b>2,893,132</b>	<b>6,044,087</b>	<b>8,937,219</b>
Professional Services		8,069,561	6,801,149	14,870,711
Other Charges		1,823,652	2,680,343	4,503,995
Debt Services		0	0	0
Interagency Transfers		0	0	0
Other Charges		<b>9,893,213</b>	<b>9,481,493</b>	<b>19,374,706</b>
General Acquisitions		281,773	2,636,045	2,917,818
Library Acquisitions		0	0	0
Major Repairs		0	0	0
Acquisitions and Major Repairs		<b>281,773</b>	<b>2,636,045</b>	<b>2,917,818</b>
<b>Total Expenditures</b>		<b>26,949,769</b>	<b>32,590,187</b>	<b>59,539,957</b>
<b>Expenditures by Function:</b>				
Instruction		16,344,436	16,560,288	32,904,724
Research		5,882	64,288	70,169
Public Service		0	357,984	357,984
Academic Support (Includes Library)		1,872,658	2,330,189	4,202,847
Academic Expenditures		<b>18,222,976</b>	<b>19,312,748</b>	<b>37,535,724</b>
Student Services		1,282,784	1,404,639	2,687,423
Institutional Support		3,682,383	5,852,640	9,535,023
Scholarships/Fellowships		870,933	787,426	1,658,359
Plant Operations/Maintenance		2,890,693	3,902,421	6,793,114
Hospital		0	0	0
Transfers out of agency		0	0	0
Athletics		0	0	0
Other		0	1,330,313	1,330,313
Non-Academic Expenditures		<b>8,726,794</b>	<b>13,277,439</b>	<b>22,004,233</b>
<b>Total Expenditures</b>		<b>26,949,769</b>	<b>32,590,187</b>	<b>59,539,957</b>



Restricted Operations

	Beginning Acct/Fund Balance	1st & 2nd Quarter Fund Balance	3rd & 4th Quarter Fund Balance
State Appropriations	0	0	0
Restricted Fees	10,677,162	10,654,571	8,691,856
Sales and Services of Educational Activities	100,722	104,401	101,484
Auxiliaries	57,291	322,473	13,086
Endowment Income	0	0	0
Grants and Contracts	(279,042)	277,899	(767,505)
Indirect Cost Recovered	620,054	620,054	656,268
Gifts	678,405	576,593	663,491
Federal Funds	0	0	0
Hospitals	0	0	0
All Other Sources	704,150	586,828	1,712,623
<b>TOTAL</b>	<b>12,558,742</b>	<b>13,142,819</b>	<b>11,071,303</b>

Overview and Analysis of Campus Operations

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# Semi -Annual Overview of Restricted Operations

Campus: *Louisiana State University - Shreveport*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations		0		0	0		0
Restricted Fees	10,677,162	3,308,877	3,331,468	10,654,571	1,858,366	3,821,081	8,691,856
Sales & Svcs of Educ. Activ's	100,722	7,616	3,937	104,401	785	3,702	101,484
Auxiliaries (List)							
1 - University Center	(90,441)	185,270	200,912	(106,083)	69,003	171,355	(208,435)
2 - Food Service	(87,331)	126,966	140,857	(101,222)	165,876	146,718	(82,064)
3 - Bookstore	(362,881)	14,100	933	(349,714)	53,924	67,090	(362,880)
4 - University Court Apts - Lease	10,541	0		10,541	904,445	903,345	11,641
5 - Athletics	587,403	1,561,510	1,279,962	868,951	717,581	931,708	654,824
6		0		0	0		0
7		0		0	0		0
8		0		0	0		0
9		0		0	0		0
10		0		0	0		0
11		0		0	0		0
12		0		0	0		0
13		0		0	0		0
14		0		0	0		0
15		0		0	0		0
Endowment Income		0		0	0		0
Grants and Contracts							
Federal	(389,408)	2,764,814	2,901,536	(526,130)	3,765,569	4,087,814	(848,375)
State and Local	4,201	846,080	131,457	718,824	(110,191)	636,376	(27,743)
Private	106,165	4,922	25,882	85,205	32,488	9,080	108,613
Indirect Cost Recovered	620,054	0	0	620,054	60,479	24,265	656,268
Gifts	678,405	627,874	729,686	576,593	640,504	553,606	663,491
Federal Funds	0	0		0	0		0
Hospitals							
Hospital - Commercial/Self-Pay	0	0		0	0		0
Physician Practice Plans	0	0		0	0		0
Medicare	0	0		0	0		0
Medicaid	0	0		0	0		0
Uncompensated Care Costs	0	0		0	0		0
Sponsored Grants and Contracts	0	0		0	0		0
Sales and Services Other	0	0		0	0		0
All Other Sources	704,150	394,490	511,812	586,828	1,489,327	363,532	1,712,623
<b>TOTAL</b>	<b>12,558,742</b>	<b>9,842,519</b>	<b>9,258,442</b>	<b>13,142,819</b>	<b>9,648,156</b>	<b>11,719,672</b>	<b>11,071,303</b>

## Report on Restricted Operations

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**Executive Summary**  
**FY 2019-20 Semi-Annual Report on the Budget**  
**July 1, 2019 – June 30, 2020**

The Fiscal Year 2019-2020 appropriation for LSU Health Sciences Center in New Orleans is \$153,894,925, which includes a mid-year revision of \$5,350,000. The revision is due to interagency transfers for the CARES Act for eligible expenses in response to the Coronavirus Pandemic.

**Threats**

- COVID-19 impact on state appropriations along with instruction, research and service missions of the university.
- Continued increase in employer contributions to health insurance and unfunded actuarial liability portion of retirement costs.
- Inconsistent level of state support for higher education and hospital partnerships.
- Inability to significantly increase revenue from tuition.

**Mechanisms for Coping with Threats**

- Revenue Generation
  - LSUHSC-NO continues to seek new and/or expanded sources of funding by enhancing relationships with private and not-for-profit health care entities.
  - LSUHSC-NO continues to leverage investments we are making in biomedical and cancer research.
  - LSUHSC-NO will protect the safety and security of the University against the Coronavirus Pandemic with a targeted focus on testing and research
- Cost Containment
  - Salary increases, with faculty promotions in rank and classified market adjustments being the notable exception, were not generally granted.
  - LSUHSC at New Orleans tries to limit new hires to critical needs mainly in the areas of direct patient care and sponsored research, where external funding from grants and contracts are available.
  - Management is evaluating and controlling expenditures for travel, professional services, and acquisitions as much as possible.

**Unrestricted Operations**

- Revenues
  - General Fund Appropriations have been drawn down completely.
  - Statutory Dedication Revenue are derived from the SELF fund for past faculty pay plans. 84% of these funds have been collected for a total of \$3,464,768.
  - Interagency transfers for the CARES Act for eligible expenses in response to the Coronavirus Pandemic were \$5,350,000.
  - Self-Generated Revenue: There are three major components to this means of financing: student tuition and fees; sales and services of educational departments (primarily the Dental Student and Resident Clinics); and other sources.
  
- Expenditures
  - Spending is within the parameters of our overall budget.
  - Personnel Services, which includes salaries, other compensation and related benefits, increased 2% since 2019.
  - Operating Expenses, which includes travel, operating services and supplies, decreased 38%.
  - Other Charges, consisting of professional services, other charges, debt services and interagency transfers, increased significantly with most of the increase in other charges.
  - Acquisitions and Major Repairs decreased significantly due to State Facility & Planning project allocation adjustments in major repairs.

### **Restricted Operations**

- Private grants and contract revenue increased by 45% which validates our emphasis on increasing contracts for graduate medical education and clinical care.
- Federal grants and contract revenue is down 3% while state grants and contract revenue increased 33%.
- Overall grant and contract fund balance between federal, state, local and private grants and contracts increased 23% between 2019 and 2020.
- Auxiliaries operations have maintained a positive fund balance overall. We continue to examine corrective actions to limit losses in the cafeteria and bookstore in the future. This includes implementing a consistent approach to control operating performance, cost cutting measures such as reducing inventory costs, along with anticipated increases in revenues as a result of selective price increases.
- The report excludes projects we maintain on behalf of the Health Care Services Division (HCSD) and FEMA/ORM related activity for project worksheets and contents replacement.

**Appendix A**  
**Semi-Annual Revenues and Expenditures Executive Summary**

<b>Unrestricted Operations</b>		<b>Actual Amount for each semi-annual period in 2019-2020</b>		
	<b>Adjusted Operating Budget</b>	<b>1st &amp; 2nd Quarter</b>	<b>3rd &amp; 4th Quarter</b>	<b>Cumulative Total</b>
<b>Revenues</b>				
General Fund	79,014,569	39,507,284	39,507,285	79,014,569
Statutory Dedications	4,116,350	1,530,065	1,934,703	3,464,768
Interim Emergency Board	0	0	0	0
Interagency Transfers	0	0	0	0
Interagency Transfers - Federal Stimulus	5,350,000	0	5,350,000	5,350,000
Self Generated Revenues	65,414,006	59,175,452	4,694,556	63,870,008
Federal Funds	0	0	0	0
<b>Total Revenues</b>	<b>153,894,925</b>	<b>100,212,801</b>	<b>51,486,545</b>	<b>151,699,346</b>
<b>Expenditures by Object:</b>				
Salaries		32,495,719	34,423,713	66,919,432
Other Compensation		729,081	685,255	1,414,336
Related Benefits		13,489,682	12,079,671	25,569,353
Personal Services		<b>46,714,482</b>	<b>47,188,639</b>	<b>93,903,121</b>
Travel		179,431	95,252	274,683
Operating Services		7,830,282	6,096,710	13,926,991
Supplies		2,535,314	2,692,413	5,227,727
Operating Expenses		<b>10,545,026</b>	<b>8,884,375</b>	<b>19,429,401</b>
Professional Services		594,230	1,352,508	1,946,738
Other Charges		3,760,017	22,078,630	25,838,646
Debt Services		52,457	209,935	262,392
Interagency Transfers		9,462,459	747,133	10,209,592
Other Charges		<b>13,869,163</b>	<b>24,388,206</b>	<b>38,257,368</b>
General Acquisitions		251,661	265,517	517,178
Library Acquisitions		2,072	847	2,919
Major Repairs		(422,127)	11,474	(410,653)
Acquisitions and Major Repairs		<b>(168,393)</b>	<b>277,838</b>	<b>109,444</b>
<b>Total Expenditures</b>		<b>70,960,277</b>	<b>80,739,057</b>	<b>151,699,334</b>
<b>Expenditures by Function:</b>				
Instruction		27,515,056	28,992,926	56,507,982
Research		1,716,671	4,434,953	6,151,624
Public Service		376,913	6,241,963	6,618,876
Academic Support (Includes Library)		8,216,764	7,147,078	15,363,842
Academic Expenditures		<b>37,825,404</b>	<b>46,816,920</b>	<b>84,642,324</b>
Student Services		1,819,166	2,291,004	4,110,170
Institutional Support		15,990,176	18,585,356	34,575,532
Scholarships/Fellowships		2,297,986	2,240,955	4,538,941
Plant Operations/Maintenance		12,975,089	10,914,460	23,889,549
Hospital		52,457	(52,457)	0
Transfers out of agency		0	(57,182)	(57,182)
Athletics		0	0	0
Other		0	0	0
Non-Academic Expenditures		<b>33,134,873</b>	<b>33,922,137</b>	<b>67,057,010</b>
<b>Total Expenditures</b>		<b>70,960,277</b>	<b>80,739,057</b>	<b>151,699,334</b>

Restricted Operations

	Beginning Acct/Fund Balance	1st & 2nd Quarter Fund Balance	3rd & 4th Quarter Fund Balance
State Appropriations	0	0	0
Restricted Fees	4,044,582	5,069,844	4,543,620
Sales and Services of Educational Activities	(13,669,738)	(16,302,994)	(13,828,899)
Auxiliaries	4,510,029	5,809,493	2,852,799
Endowment Income	1,172,069	822,786	1,126,082
Grants and Contracts	118,735,020	74,649,144	139,929,392
Indirect Cost Recovered	50,266,401	45,870,131	72,112,919
Gifts	301,305	407,629	363,106
Federal Funds	0	0	0
Hospitals	34,441,158	42,435,520	7,949,017
All Other Sources	6,449,025	6,077,576	9,822,267
<b>TOTAL</b>	<b>206,249,850</b>	<b>164,839,128</b>	<b>224,870,302</b>

Overview and Analysis of Campus Operations

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# Semi -Annual Overview of Restricted Operations

Campus: *LSU Health Sciences Center - New Orleans*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations	0	0		0	0		0
Restricted Fees	4,044,582	1,707,021	681,759	5,069,844	107,683	633,907	4,543,620
Sales & Svcs of Educ. Activ's	(13,669,738)	921,535	3,554,791	(16,302,994)	4,237,252	1,763,157	(13,828,899)
Auxiliaries (List)	0				0		0
1 Bookstore	(1,035,516)	3,861,710	3,003,479	(177,285)	1,958,250	2,616,496	(835,531)
2 Cafeteria	(2,107,283)	587,196	869,673	(2,389,760)	391,857	747,413	(2,745,316)
3 Student Housing	2,288,234	1,981,886	1,847,517	2,422,603	(204,971)	89,318	2,128,314
4 Parking	5,021,562	927,186	522,469	5,426,279	494,174	527,449	5,393,004
5 HSC Stores	343,032	940,928	756,304	527,656	2,348,902	3,964,230	(1,087,672)
6	0	0	0	0	0		0
7	0	0	0	0	0		0
8	0	0	0	0	0		0
9	0	0	0	0	0		0
10	0	0	0	0	0		0
11	0	0	0	0	0		0
12	0	0	0	0	0		0
13	0	0	0	0	0		0
14	0	0	0	0	0		0
15	0	0	0	0	0		0
Endowment Income	1,172,069	1,041,177	1,390,460	822,786	1,964,541	1,661,245	1,126,082
Grants and Contracts					0		
Federal	144,316	14,164,698	19,285,758	(4,976,744)	27,548,528	22,635,401	(63,617)
State and Local	11,295,828	5,610,131	8,016,232	8,889,727	12,243,824	10,260,908	10,872,643
Private	107,294,876	123,604,673	160,163,388	70,736,161	407,648,358	349,264,153	129,120,366
Indirect Cost Recovered	50,266,401	6,260,649	10,656,919	45,870,131	77,660,115	51,417,327	72,112,919
Gifts	301,305	725,164	618,840	407,629	775,056	819,579	363,106
Federal Funds	0	0	0	0	0		0
Hospitals					0		
Hospital - Commercial/Self-Pay	0	0	0	0	0		0
Physician Practice Plans	34,441,158	9,506,536	1,512,174	42,435,520	9,118,659	43,605,162	7,949,017
Medicare	0	0	0	0	0		0
Medicaid	0	0	0	0	0		0
Uncompensated Care Costs	0	0	0	0	0		0
Sponsored Grants and Contracts	0	0	0	0	0		0
Sales and Services Other	0	0	0	0	0		0
All Other Sources	6,449,025	142,637	514,086	6,077,576	4,480,013	735,322	9,822,267
<b>TOTAL</b>	<b>206,249,850</b>	<b>171,983,127</b>	<b>213,393,849</b>	<b>164,839,128</b>	<b>550,772,241</b>	<b>490,741,067</b>	<b>224,870,302</b>

## Report on Restricted Operations

The Account/Fund Balance for the following items were reclassified from FY2020 Q2 report as follows:

- From Restricted Fees to Sales & Service of Education - (\$6,739)
- From Physician Practice Plan to Sales & Service of Education - (\$177,837)
- Total change in Sales & Service of Education - \$184,576

The Total Fund Balance remains the same at \$206,249,850

**LSU Health Sciences Center - Shreveport  
Bi-Annual Financial Reporting Narrative  
SFY 2019-2020 as of June 30, 2020**

**Appropriation: Revenues and Expenditures**

Operating Budget revenue includes state general funds direct, statutory dedications (tobacco tax and self-fund), and self-generated (tuition and fees) funding. The Operating Budget expenditures include costs associated with the operation of three schools (Medicine, Allied Health, and Graduate Studies), as well as legacy costs associated with the transition of three hospitals from state management to public-private partnerships.

The original academic SFY 2019-2020 operating budget appropriation of \$87,333,726 includes the following spending authority:

State General Funds Direct	58,368,929
Statutory Dedications	7,305,718
University Tuition and Fees	21,659,079
<b>TOTAL</b>	<b>\$87,333,726</b>

With an approved BA-7 #1, the SFY 2019-2020 operating budget appropriation changed as follows:

State General Funds Direct	58,368,929
Statutory Dedications	7,305,718
Interagency Transfer	7,277,700
University Tuition and Fees	22,659,079
<b>TOTAL</b>	<b>\$95,611,426</b>

The State General Funds Direct appropriation of \$58,368,929 includes approximately \$15M dedicated to support the hospitals' (SHV Hospital, EACMC, and HPLMC) legacy costs including risk management premiums, retiree health and life, and residual HPLMC property maintenance. The Statutory Dedications include Tobacco funds and SELF funds. The Interagency Transfer is the Coronavirus Relief Funds



allocation received in SFY2020 under the BA-7 #1. Note this allocated amount was deducted from state general funds direct in SFY2021. The University Tuition and Fees revenue include an additional \$1,000,000 spending authority received through the BA-7#1.

The actual state general funds direct and statutory dedications appropriated revenue received was \$697,925 less than the budget. This shortfall included \$274,178 for Tobacco funds and \$423,747 for SELF funds.

### **Public-Private Hospital Partnerships**

The LSU Shreveport Hospital and E.A. Conway Medical Center originally transferred from state to private management effective October 1, 2013. Huey P. Long Medical Center in Pineville discontinued patient care services on June 30, 2014.

Effective October 1, 2018, the management of the LSU Shreveport Hospital and E.A. Conway Medical Center changed from BRFHH to the Ochsner LSU Health System of North Louisiana (OLHS-NL).

In accordance with R.S. 39:366.11, the Board of Supervisors and Joint Legislative Committee on Budget approved the Cooperative Endeavor Agreement (CEA) by and among the State of Louisiana (State), acting by and through the Louisiana Division of Administration (DOA), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), and Ochsner LSU Health System of North Louisiana (OLHS-NL), a private Louisiana nonprofit corporation. The CEA and service agreements cover the hospital and clinic facilities in Shreveport and Monroe. The Joint Venture CEA, effective October 1, 2018, for an initial term of ten (10) years, replaces the BRFHH Public-Private Partnership CEA. Also effective October 1, 2018, Ochsner LSU Health System of North Louisiana (OLHS-NL) is the sole member of "Ochsner LSU Physician Group" or "OLPG" which means LSU Health Sciences Center-Shreveport Faculty Group Practice d/b/a Ochsner LSU Physician Group, a Louisiana nonprofit corporation, which operates the clinical practices of HSC-S Physicians and HSC-S Practitioners. OLPG is a nonprofit corporation that, prior to the Commencement Date, operated as the practice plan of the Medical School faculty under a Memorandum of Understanding through which the FGP contracted with HSC-S for clinical and other services of HSC-S Physicians and HSC-S Practitioners.

**Appendix A**  
**Semi-Annual Revenues and Expenditures Executive Summary**

<b>Unrestricted Operations</b>		<b>Actual Amount for each semi-annual period in 2019-2020</b>		
	<b>Adjusted Operating Budget</b>	<b>1st &amp; 2nd Quarter</b>	<b>3rd &amp; 4th Quarter</b>	<b>Cumulative Total</b>
<b>Revenues</b>				
General Fund	58,368,929	34,048,542	24,320,387	58,368,929
Statutory Dedications	7,305,718	2,411,853	4,195,941	6,607,794
Interim Emergency Board	0	0	0	0
Interagency Transfers	7,277,700	0	7,277,700	7,277,700
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	22,659,079	21,686,362	(6,405,812)	15,280,550
Federal Funds	0	0	0	0
<b>Total Revenues</b>	<b>95,611,426</b>	<b>58,146,757</b>	<b>29,388,216</b>	<b>87,534,973</b>
<b>Expenditures by Object:</b>				
Salaries		11,576,906	19,279,105	30,856,011
Other Compensation		12,343,936	(10,801,291)	1,542,645
Related Benefits		10,969,467	10,363,917	21,333,384
Personal Services		<b>34,890,309</b>	<b>18,841,731</b>	<b>53,732,040</b>
Travel		69,713	35,949	105,662
Operating Services		10,090,773	9,981,800	20,072,573
Supplies		297,579	634,665	932,244
Operating Expenses		<b>10,458,065</b>	<b>10,652,414</b>	<b>21,110,479</b>
Professional Services		1,236,934	1,320,035	2,556,969
Other Charges		1,601,717	1,493,264	3,094,981
Debt Services		0	0	0
Interagency Transfers		2,971,724	2,955,365	5,927,089
Other Charges		<b>5,810,375</b>	<b>5,768,664</b>	<b>11,579,039</b>
General Acquisitions		372,306	740,803	1,113,109
Library Acquisitions		306	0	306
Major Repairs		0	0	0
Acquisitions and Major Repairs		<b>372,612</b>	<b>740,803</b>	<b>1,113,415</b>
<b>Total Expenditures</b>		<b>51,531,361</b>	<b>36,003,612</b>	<b>87,534,973</b>
<b>Expenditures by Function:</b>				
Instruction		17,588,466	596,746	18,185,212
Research		9,697,813	10,023,996	19,721,809
Public Service		555,106	654,789	1,209,895
Academic Support (Includes Library)		3,562,013	5,033,749	8,595,762
Academic Expenditures		<b>31,403,398</b>	<b>16,309,280</b>	<b>47,712,678</b>
Student Services		987,384	923,988	1,911,372
Institutional Support		12,516,410	12,461,996	24,978,406
Scholarships/Fellowships		1,287,927	1,402,832	2,690,759
Plant Operations/Maintenance		3,333,366	2,722,916	6,056,282
Hospital		2,002,876	2,053,400	4,056,276
Transfers out of agency		0	0	0
Athletics		0	0	0
Other		0	129,200	129,200
Non-Academic Expenditures		<b>20,127,963</b>	<b>19,694,332</b>	<b>39,822,295</b>
<b>Total Expenditures</b>		<b>51,531,361</b>	<b>36,003,612</b>	<b>87,534,973</b>

	<b>Beginning Acct/Fund Balance</b>	<b>1st &amp; 2nd Quarter Fund Balance</b>	<b>3rd &amp; 4th Quarter Fund Balance</b>
State Appropriations	0	0	0
Restricted Fees	1,165,740	1,176,339	1,114,951
Sales and Services of Educational Activities	27,680,983	(11,240,425)	56,874,399
Auxiliaries	13,769,492	14,197,731	14,234,491
Endowment Income	12,475,652	13,293,399	13,036,294
Grants and Contracts	100,291,873	143,681,874	118,144,374
Indirect Cost Recovered	(4,511,585)	(5,449,713)	(7,506,782)
Gifts	(12,025)	(12,025)	(12,025)
Federal Funds	0	0	0
Hospitals	(37,691,254)	(37,108,798)	(37,259,042)
All Other Sources	1,068,663	2,066,883	3,429,797
<b>TOTAL</b>	<b>114,237,539</b>	<b>120,605,265</b>	<b>162,056,457</b>

**Overview and Analysis of Campus Operations**

In accordance with R.S. 39:366.11, the Board of Supervisors and Joint Legislative Committee on Budget approved the Cooperative Endeavor Agreement (CEA) by and among the State of Louisiana (State), acting by and through the Louisiana Division of Administration (DOA), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), and Ochsner LSU Health System of North Louisiana (OLHS-NL), a private Louisiana nonprofit corporation. The CEA and service agreements cover the hospital and clinic facilities in Shreveport and Monroe. The Joint Venture CEA, effective October 1, 2018, for an initial term of ten (10) years, replaces the BRFH Public-Private Partnership CEA. Also effective October 1, 2018, Ochsner LSU Health System of North Louisiana (OLHS-NL) is the sole member of "Ochsner LSU Physician Group" or "OLPG" which means LSU Health Sciences Center-Shreveport Faculty Group Practice d/b/a Ochsner LSU Physician Group, a Louisiana nonprofit corporation operates the clinical practices of HSC-S Physicians and HSC-S Practitioners. OLPG is a nonprofit corporation that, prior to the Commencement Date, operated as the practice plan of the Medical School faculty under a Memorandum of Understanding through which the FGP contracted with HSC-S for clinical and other services of HSC-S Physicians and HSC-S Practitioners.

SFY 2019-2020 expenditure transactions applicable to the aforementioned agreements are currently recorded among unrestricted and restricted operations. The pending expenditure transfers between the various funds will be finalized by official fiscal year close.

**Ending December 31, 2019 Restricted Operations (1st & 2nd Quarters):**

- (1) **Sales and Services of Educational Activities** fund balance include operational expenditures that will be transferred to **Grants and Contracts** fund balance which currently includes revenue from the hospital and professional practice partnership agreements
- (2) **Hospitals** net fund balance for the three hospitals is due to the pre and post financial support transactions associated with the state initiated hospital transitions

**Ending June 30, 2020 Restricted Operations (3rd & 4th Quarters):**

- (1) **Sales and Services of Educational Activities** fund balance increase is a result of operational expenditures being transferred to **Grants and Contracts** fund balance which currently includes revenue from the hospital and professional practice partnership agreements
- (2) **Hospitals** net fund balance for the three hospitals is due to the pre and post financial support transactions associated with the state initiated hospital transitions

**Ending June 30, 2020 Unrestricted Operations (3rd & 4th Quarters):**

- (1) **Interagency Transfers Revenue** is the Coronavirus Relief Funds (CRF) Allocation
- (2) **Self Generated Revenues** decrease is due to restricting revenues from SFY2020 to SFY2021 for support of expenditures -- due to the reduction of the SFY2021 appropriation by the amount of the CRF Allocation
- (3) **Expenditures by Other Compensation** decrease is primarily due to the end of the year transfer of house officer / clinical fellow compensation from unrestricted to restricted grants and contracts
- (4) **Expenditures by Instruction** reduction in the 3rd & 4th quarters is primarily due the end of the year transfer of house officer / clinical fellow compensation from unrestricted to restricted grants and contracts

# Semi -Annual Overview of Restricted Operations

Campus: **LSUHSC SHREVEPORT**

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations	0	0	0	0	0	0	0
Restricted Fees	1,165,740	258,859	248,260	1,176,339	149,602	210,990	1,114,951
Sales & Svcs of Educ. Activ's	27,680,983	5,675,969	44,597,377	(11,240,425)	37,325,636	(30,789,188)	56,874,399
Auxiliaries (List)							0
Bookstore	2,342,632	371,693	402,345	2,311,980	331,098	352,558	2,290,520
Cafeteria	3,950,715	38,356	30	3,989,041	44,645	0	4,033,686
General Service Store	(594,617)	466,876	455,541	(583,282)	564,215	631,192	(650,259)
Gift Shop	23,703	176	0	23,879	276	0	24,155
Linwood Apartments	1,045,899	7,166	0	1,053,065	9,907	0	1,062,972
Microcomputers	(151,385)	465,033	422,784	(109,136)	274,487	288,522	(123,171)
Networking	684,505	15,233	6,261	693,477	23,618	13,750	703,345
Parking	(98,394)	166,841	200,661	(132,214)	102,440	182,778	(212,552)
Printing	1,192,162	200,350	119,727	1,272,785	166,330	142,971	1,296,144
Rental Properties	1,129,401	137,416	16,056	1,250,761	56,310	58,632	1,248,439
Student Union	995,974	103,030	4,448	1,094,556	17,073	9,558	1,102,071
Telecommunications	3,248,897	517,540	433,618	3,332,819	575,298	448,976	3,459,141
Endowment Income	12,475,652	1,751,457	933,710	13,293,399	1,404,719	1,661,824	13,036,294
Grants and Contracts							
Federal	(1,179,122)	5,335,655	7,386,906	(3,230,373)	6,756,823	7,502,525	(3,976,075)
State and Local	1,214,139	1,684,365	2,270,348	628,156	2,846,534	2,572,346	902,344
Private	100,256,856	91,570,997	45,543,762	146,284,091	135,313,950	160,379,936	121,218,105
Indirect Cost Recovered	(4,511,585)	970,864	1,908,992	(5,449,713)	512,694	2,569,763	(7,506,782)
Gifts	(12,025)	0	0	(12,025)	0	0	(12,025)
Federal Funds	0	0	0	0	0	0	0
Hospitals							
Hospital - Commercial/Self-Pay	0	0	0	0	0	0	0
Physician Practice Plans	0	0	0	0	0	0	0
Medicare	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0
Uncompensated Care Costs	0	0	0	0	0	0	0
Sponsored Grants and Contracts	0	0	0	0	0	0	0
Sales and Services Other - Shreveport	(27,243,328)	1,085,949	503,493	(26,660,872)	108,492	258,736	(26,811,116)
Sales and Services Other - EA Conway	(6,991,465)	0	0	(6,991,465)	0	0	(6,991,465)
Sales and Services Other - Huey P. Long	(3,456,461)	0	0	(3,456,461)	0	0	(3,456,461)
All Other Sources	1,068,663	998,580	360	2,066,883	1,362,914	0	3,429,797
<b>TOTAL</b>	<b>114,237,539</b>	<b>111,822,405</b>	<b>105,454,679</b>	<b>120,605,265</b>	<b>187,947,061</b>	<b>146,495,869</b>	<b>162,056,457</b>

## Report on Restricted Operations

In accordance with R.S. 39:366.11, the Board of Supervisors and Joint Legislative Committee on Budget approved the Cooperative Endeavor Agreement (CEA) by and among the State of Louisiana (State), acting by and through the Louisiana Division of Administration (DOA), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), and Ochsner LSU Health System of North Louisiana (OLHS-NL), a private Louisiana nonprofit corporation. The CEA and service agreements cover the hospital and clinic facilities in Shreveport and Monroe. The Joint Venture CEA, effective October 1, 2018, for an initial term of ten (10) years, replaces the BRFH Public-Private Partnership CEA. Also effective October 1, 2018, Ochsner LSU Health System of North Louisiana (OLHS-NL) is the sole member of "Ochsner LSU Physician Group" or "OLPG" which means LSU Health Sciences Center-Shreveport Faculty Group Practice d/b/a Ochsner LSU Physician Group, a Louisiana nonprofit corporation operates the clinical practices of HSC-S Physicians and HSC-S Practitioners. OLPG is a nonprofit corporation that, prior to the Commencement Date, operated as the practice plan of the Medical School faculty under a Memorandum of Understanding through which the FGP contracted with HSC-S for clinical and other services of HSC-S Physicians and HSC-S Practitioners.

SFY 2019-2020 expenditure transactions applicable to the aforementioned agreements are currently recorded among unrestricted and restricted operations. The pending expenditure transfers between the various funds will be finalized by official fiscal year close.

### Ending December 31, 2019 Restricted Operations (1st & 2nd Quarters):

- (1) Sales and Services of Educational Activities fund balance include operational expenditures that will be transferred to Grants and Contracts fund balance which currently includes revenue from the hospital and professional practice partnership agreements
- (2) Hospitals net fund balance for the three hospitals is due to the pre and post financial support transactions associated with the state initiated hospital transitions

### Ending June 30, 2020 Restricted Operations (3rd & 4th Quarters):

- (1) Sales and Services of Educational Activities fund balance increase is a result of operational expenditures being transferred to Grants and Contracts fund balance which currently includes revenue from the hospital and professional practice partnership agreements
- (2) Hospitals net fund balance for the three hospitals is due to the pre and post financial support transactions associated with the state initiated hospital transitions

### Ending June 30, 2020 Unrestricted Operations (3rd & 4th Quarters):

- (1) Interagency Transfers Revenue is the Coronavirus Relief Funds (CRF) Allocation
- (2) Self Generated Revenues decrease is due to restricting revenues from SFY2020 to SFY2021 for support of expenditures -- due to the reduction of the SFY2021 appropriation by the amount of the CRF Allocation
- (3) Expenditures by Other Compensation decrease is primarily due to the end of the year transfer of house officer / clinical fellow compensation from unrestricted to restricted grants and contracts
- (4) Expenditures by Instruction reduction in the 3rd & 4th quarters is primarily due to the end of the year transfer of house officer / clinical fellow compensation from unrestricted to restricted grants and contracts



TO: Jim Buras  
AVP Finance & Administration  
LSU System

FROM: Lisa Augustus  
Budget  
LSU Health Care Services Division

DATE: August 14, 2020

RE: Semi-Annual Financial Report  
for six month period ending June 30, 2020

We have compiled the Semi-Annual Financial Report for six month period ending June 30, 2020 for the LSU Health Care Services Division.

Major developments during this year included:

Actual:

Unrestricted Operations

- In FY20, HCSD was appropriated \$19,803,163 in General Fund to cover legacy costs associated with partnered hospitals. The FY2019 General Fund appropriation for legacy operations was \$20.3M. Reduction due to decrease in ORM premiums and Legislative Auditor Fees and Increase in Office of State Procurement Fees.
- Lallie Kemp Regional Medical Center was appropriated \$4,177,920 in General Fund for FY20.
- LSU HCSD Operating Budget Increase from FY2019 \$65,468,777 to FY2020 \$66,995,177. Reduction for FY2019 Mid-Year Budget Adjustment for House Bill No. 392 payable out of the State General Fund (Direct) to LAK for acquisitions in the amount of (\$3,225,350), Reduction in Risk Mgmt. Premium (\$595,029), Reduction in Legislative Auditor Fee (\$271), Increase in Civil Service Fees \$3,514, Increase due to Market Rate Adjustment Classified Employees \$461,743, Increase in State Procurement Fees \$5,549, and Increase in Self-Generated Fee of \$4,876,297. State General Fund (Direct) decreased from FY2019 \$24,427,906 to FY 2020 \$23,981,083.

Restricted Operations -

- Central Office expenses are off budget this fiscal year. Therefore, Central Office expenses and revenues are being reported in restricted operations.
- \$104,539,799.63 in lease payments received at end of June 30, 2020.
- \$1,397,333 was received from partners for contracted services performed by HCSD ending June 30, 2020.
- \$850,551.33 was received in FEMA revenue for period ending June 30, 2020. HCSD paid total of \$965,158.48 in FEMA expenses at end of June 30, 2020.
- Lallie Kemp Regional Medical Center received total of \$4,529,669.36 CARES Act Provider Relief Funding-Direct from Federal Government.

Dr. Wayne Wilbright  
Lanette Buie

**Appendix A**  
**Semi-Annual Revenues and Expenditures Executive Summary**

<b>Unrestricted Operations</b>		<b>Actual Amount for each semi-annual period in 2019-2020</b>		
	<b>Adjusted Operating Budget</b>	<b>1st &amp; 2nd Quarter</b>	<b>3rd &amp; 4th Quarter</b>	<b>Cumulative Total</b>
<b>Revenues</b>				
General Fund	23,981,083	11,990,542	11,990,541	23,981,083
Statutory Dedications	0	0	0	0
Interim Emergency Board	0	0	0	0
Interagency Transfers	17,616,847	13,576,557	2,949,735	16,526,292
Interagency Transfers - Federal Stimulus	0	0	0	0
Self Generated Revenues	20,546,581	10,400,682	10,132,925	20,533,608
Federal Funds	4,850,666	2,812,964	1,708,988	4,521,952
<b>Total Revenues</b>	<b>66,995,177</b>	<b>38,780,745</b>	<b>26,782,189</b>	<b>65,562,934</b>
<b>Expenditures by Object:</b>				
Salaries		9,011,087	11,545,064	20,556,151
Other Compensation		0	0	0
Related Benefits		12,819,137	(3,646,343)	9,172,794
Personal Services		<b>21,830,224</b>	<b>7,898,722</b>	<b>29,728,946</b>
Travel		653	259	912
Operating Services		1,496,355	3,130,378	4,626,733
Supplies		4,841,054	4,792,345	9,633,399
Operating Expenses		<b>6,338,062</b>	<b>7,922,982</b>	<b>14,261,044</b>
Professional Services		626,318	865,155	1,491,473
Other Charges		943,121	19,116,699	20,059,820
Debt Services		0	0	0
Interagency Transfers		0	0	0
Other Charges		<b>1,569,439</b>	<b>19,981,854</b>	<b>21,551,293</b>
General Acquisitions		0	19,132	19,132
Library Acquisitions		0	0	0
Major Repairs		0	2,520	2,520
Acquisitions and Major Repairs		<b>0</b>	<b>21,652</b>	<b>21,652</b>
<b>Total Expenditures</b>		<b>29,737,725</b>	<b>35,825,209</b>	<b>65,562,934</b>
<b>Expenditures by Function:</b>				
Instruction		0	0	0
Research		0	0	0
Public Service		0	0	0
Academic Support (Includes Library)		0	0	0
Academic Expenditures		<b>0</b>	<b>0</b>	<b>0</b>
Student Services		0	0	0
Institutional Support		0	0	0
Scholarships/Fellowships		0	0	0
Plant Operations/Maintenance		0	0	0
Hospital		29,737,725	35,825,209	65,562,934
Transfers out of agency		0	0	0
Athletics		0	0	0
Other		0	0	0
Non-Academic Expenditures		<b>29,737,725</b>	<b>35,825,209</b>	<b>65,562,934</b>
<b>Total Expenditures</b>		<b>29,737,725</b>	<b>35,825,209</b>	<b>65,562,934</b>

**Restricted Operations**

	<b>Beginning Acct/Fund Balance</b>	<b>1st &amp; 2nd Quarter Fund Balance</b>	<b>3rd &amp; 4th Quarter Fund Balance</b>
State Appropriations	0	0	0
Restricted Fees	0	0	0
Sales and Services of Educational Activities	0	0	0
Auxiliaries	0	0	0
Endowment Income	0	0	0
Grants and Contracts	0	0	0
Indirect Cost Recovered	0	0	0
Gifts	0	0	0
Federal Funds	0	0	0
Hospitals	0	0	0
All Other Sources	68,302,082	94,036,425	71,082,088
<b>TOTAL</b>	<b>68,302,082</b>	<b>94,036,425</b>	<b>71,082,088</b>

**Overview and Analysis of Campus Operations**

\*Credit for 3rd and 4th quarter in related benefit is due to moving the expenses for Retiree's Group Insurance that was included in the 1st and 2nd quarter to Other Charges.

# Semi -Annual Overview of Restricted Operations

Campus: *LSU Health Care Services Division*

Show Expenditures As Positive	Actual Amount for each Semi-Annual Period in FY 2019-2020						
	Acct/Fund Balance	1st & 2nd Quarter			3rd & 4th Quarter		
		Revenues	Expenses, Transfers, & ICR	Fund Balance	Revenues	Expenses, Transfers, & ICR	Fund Balance
<b>Revenues</b>							
Restricted State Appropriations		0		0	0		0
Restricted Fees		0		0	0		0
Sales & Svcs of Educ. Activ's		0		0	0		0
Auxiliaries (List)							0
1		0		0	0		0
2		0		0	0		0
3		0		0	0		0
4		0		0	0		0
5		0		0	0		0
6		0		0	0		0
7		0		0	0		0
8		0		0	0		0
9		0		0	0		0
10		0		0	0		0
11		0		0	0		0
12		0		0	0		0
13		0		0	0		0
14		0		0	0		0
15		0		0	0		0
Endowment Income		0		0	0		0
Grants and Contracts							
Federal		0		0	0		0
State and Local		0		0	0		0
Private		0		0	0		0
Indirect Cost Recovered		0		0	0		0
Gifts		0		0	0		0
Federal Funds		0		0	0		0
Hospitals							
Hospital - Commercial/Self-Pay		0		0	0		0
Physician Practice Plans		0		0	0		0
Medicare		0		0	0		0
Medicaid		0		0	0		0
Uncompensated Care Costs		0		0	0		0
Sponsored Grants and Contracts		0		0	0		0
Sales and Services Other		0		0	0		0
All Other Sources	68,302,082	73,845,381	48,111,038	94,036,425	48,091,345	71,045,682	71,082,088
<b>TOTAL</b>	<b>68,302,082</b>	<b>73,845,381</b>	<b>48,111,038</b>	<b>94,036,425</b>	<b>48,091,345</b>	<b>71,045,682</b>	<b>71,082,088</b>

## Report on Restricted Operations

\* \$29,814,877.56 in lease payments expenditures was not sent to State Treasury until 1/9/2020.  
as of 1/9/2020 the Fund Balance was \$64,226,347

- \* \$4,529,669.36 in Revenue for COVID19 HRSA Care Act payments
- \* \$319,732.29 in Revenue for Ryan White Title IV
- \* \$6,575.00 in Revenue for Ryan White COVID19 Grant
- \* \$84,317.00 in Revenue for LDH OPH SHIP Grant COVID19
- \* \$5,605.74 in Revenue for LHA Research & Bioterrorism Grant