

AGENDA

LSU BOARD OF SUPERVISORS MEETING

LSU Health Sciences Center New Orleans
2020 Gravier Street
Lions/LSU Clinics Building
Isidore Cohn Jr. MD Student Learning Center, 6th Floor
New Orleans, Louisiana

FRIDAY, June 20, 2014

10:00 A.M.
COMMITTEE MEETINGS
REVISED

PUBLIC COMMENTS

Public Comments may be made only (1) when they relate to a matter on the agenda and (2) when individuals desiring to make public comments have registered at least one hour prior to the meeting. For additional information see:

<http://www.lsusystem.edu/index.php/board-of-supervisors/public-comments/>

<p>I. FINANCE, INFRASTRUCTURE, AND CORE DEVELOPMENT COMMITTEE Mr. Ronald R. Anderson, Chairman</p>

1. Request from LSU Shreveport to lease computers to Biomedical Research Foundation of Northwest Louisiana
2. Recommendation to establish a minimum employer contribution rate for LSU entity employees in the Optional Retirement Plan in the Teacher's Retirement System of Louisiana
3. Approval of the FY 2013-2014 supplemental appropriation and FY 2014-2015 appropriation institution distribution
4. Request from the Chief Financial Officers of the campuses and hospitals to write-off uncollectible accounts receivable as of June 30, 2014
5. Recommendation to transfer 50 Table of Organization Positions from LSU Health Science Center in Shreveport to Pennington Biomedical Research Center.
6. Recommendation to Approve the FY 2014-2015 Expenditure of Carroll W. Feist Legacy Funds for the LSU Health Sciences Center – Shreveport Feist Weiller Cancer Center and to Make a Determination of Acceptable University Purpose

II. PROPERTY AND FACILITIES COMMITTEE

Mr. Rolfe McCollister, Jr., Chairman

1. Request from LSU A&M for approval authorizing Louisiana State University and Agricultural and Mechanical College (the "University") to refund all or a portion of the LSU Board's Auxiliary Revenue Bonds, Series 2006, and preliminary approval authorizing the LSU board to issue its Auxiliary Revenue Refunding Bonds, in one or more series, in an amount not to exceed \$92,000,000.
 2. Request from Louisiana State University Eunice to Approve the Amended and Restated Ground Lease Agreement with Eunice Student Housing Foundation, Inc.
 3. Request from LSU Health Sciences Center Shreveport to approve a lease agreement for a regional mortuary services facility and to make a determination of acceptable university purpose.
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III. HEALTH CARE AND MEDICAL EDUCATION COMMITTEE

Mr. Raymond J. Lasseigne, Chairman

1. Update from LSU Health Sciences Center New Orleans and LSU Health Sciences Center Shreveport
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IV. ATHLETIC COMMITTEE

Mr. Blake Chatelain, Chairman

1. Request from LSU A&M to approve amendments to the following head coaches contracts:
 - a. Ms. Karen Bahnsen, Head Coach, Women's Golf
 - b. Mr. Charles Winstead, Head Coach, Men's Golf
 - c. Ms. Sara "DD" Breaux, Head Coach, Gymnastics
 - d. Mr. Douglas Shaffer, Co-Head Coach, Men's and Women's Swimming and Diving
 - e. Mr. David Geyer, Co-Head Coach, Men's and Women's Swimming and Diving

V. AUDIT COMMITTEE

Mr. Jack E. Lawton, Jr., Chairman

The Audit Committee will meet in Conference Room 6 in the Isidore Cohn Jr. MD Student Learning Center, LSU Health Sciences Center, New Orleans, following the Integrated Committee Meetings and the Board Meeting. The Committee may go into Executive Session in accordance with the provisions of LA. R.S. 42:6.1 A (4)

AGENDA
LSU BOARD OF SUPERVISORS MEETING

1:00 p.m., Friday, June 20, 2014

Mr. Bobby Yarborough, Chairman

1. Call to Order and Roll Call
2. Invocation and Pledge of Allegiance
3. Oath of Office for new board members
4. President's Report
5. Approval of the Minutes of the Board Meeting held on May 9, 2014
6. Personnel Actions Requiring Board Approval
7. Reports from the Council of Staff Advisors and the Council of Faculty Advisors
8. Reports to the Board
 - A. Report on campus bond indebtedness at June 30, 2013 (written report only)
10. Approval of Consent Agenda Items
 - A. Request from Louisiana State University Health Sciences Center in Shreveport for reauthorization of the Center of Excellence for Arthritis and Rheumatology
 - B. Request from LSU A&M for approval to establish two Endowed Chairs:
 - the Edwin K. Hunter Chair in the Traditions of Rhetoric and Argument in Communication Studies in the College of Humanities and Social Sciences
 - the Billy and Ann Harrison Endowed Chair #2 in Geology and Geophysics in the College of Science
 - C. Request from LSU A&M for approval to award two Posthumous Degrees
 - D. Request from LSU A&M for conditional approval to establish the Leadership Development Institute
 - E. Request from LSU Alexandria to name the LSU Alexandria Call Center the "McCann Call Center"

11. Committee Reports

**I. FINANCE, INFRASTRUCTURE, AND CORE
DEVELOPMENT COMMITTEE**

Mr. Ronald R. Anderson, Chairman

II. PROPERTY AND FACILITIES COMMITTEE

Mr. Rolfe McCollister, Jr., Chairman

III. HEALTH CARE AND MEDICAL EDUCATION COMMITTEE

Mr. Raymond J. Lasseigne, Chairman

IV. ATHLETIC COMMITTEE

Mr. Blake Chatelain, Chairman

V. AUDIT COMMITTEE

Mr. Jack E. Lawton, Jr., Chairman

Request to approve internal audit charter amendment
approved by the Audit Committee on May 9, 2014

12. Chairman's Report

13. Consideration of Board of Supervisors policy on presidential evaluation

14. Recommendation to approve a revised 2013-2014 and a revised 2014-2015
Board of Supervisors meeting schedule

15. Adjournment

If you plan to attend any meeting listed on this notice and need assistance because you are disabled, please notify the Office of the LSU Board of Supervisors at (225) 578-2154 at least 7 days in advance of the meeting.

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MINUTES

REGULAR BOARD MEETING

May 9, 2014

1. Call to Order and Roll Call

Mr. Robert "Bobby" Yarborough, Chairman, called to order the Regular Meeting of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College in the System Building, Baton Rouge, Louisiana, on May 9, 2014 at 1:00 P.M.

The secretary called the roll.

PRESENT

Mr. Robert "Bobby" Yarborough Chairman	Mrs. Ann D. Duplessis Chairman-Elect
Mr. Ronnie R. Anderson	Mr. Raymond J. Lasseigne
Mr. James W. Moore, Jr.	Mr. Jack E. Lawton, Jr.
Mr. Stanley J. Jacobs	Mr. Garret "Hank" Danos.
R. Blake Chatelain	Mr. Rolfe McCollister, Jr.
Mr. J. Stephen Perry	Mr. Lee Mallett
Mr. John S. Woodard	

ABSENT

Mr. Scott A. Angelle	Mr. Scott Ballard
Dr. John F. George	

Also present for the meeting were the following: Dr. F. King Alexander, President and Chancellor; LSU System, Mr. Shelby McKenzie, Lead Counsel, LSU System officers and administrators from their respective campuses; faculty representatives; interested citizens and representatives of the news media.

Public Comments

Dr. Rick Moreland, LSU Professor of English; Christina Armistead, LSU Instructor of English; Dr. Anna Narto, LSU Alumni Professor of English requested to address the Third Quarter of FY 2013-14 Budget Report.

2. Invocation and Pledge of Allegiance

Anne Catherine LeBlanc gave the invocation. Xavier Bell led the Pledge of Allegiance. Both students are representing the LSU Agricultural Center and are members of the 4-H Program.

Chairman Yarborough recognized Dr. Bill Richardson, Vice President of Agriculture and Dean of the College of Agriculture, who showed a video documentary presentation on the "Louisiana Cooperative Extension: A Journey to mark the 100 Year Anniversary of the Cooperative Extension Services".

3. Approval of the Minutes of the Board Meeting held on March 21, 2014

Upon motion of Mr. Lasseigne, seconded by Mr. Chatelain, the Board voted unanimously to approve the Minutes of the Regular Board Meeting held on March 21, 2014 in Shreveport, Louisiana.

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4. Personnel Actions Requiring Board Approval

Mr. Shelby McKenzie, Lead Counsel, LSU System, advised that Board action is requested for approval of the Personal Actions. Mr. McKenzie stated the executive staff has reviewed these actions and recommends Board approval.

Upon motion of Mr. Lasseigne, seconded by Mr. Chatelain, the Board voted unanimously to approve the Personnel Actions as presented. **(Copy of Personnel Actions on file in the Office of the LSU Board of Supervisors of Louisiana State University)**

5. President's Report

Dr. F. King Alexander, President, LSU System recognized:

Dr. Darrell Henry, Design Professor, Office of Geology and Geophysics;

Mr. John Woodard, Student Board Member, who reported on the activities of the Council of Student Body Presidents;

Provost Stuart Bell, Executive Vice Chancellor and Provost LSU A&M;

Chancellor Jack Weiss, LSU Paul M. Hebert Law Center;

Executive Director William Cefalu, Pennington Biomedical Research Center;

Chancellor Larry Hollier, LSU Health Sciences Center New Orleans;

Interim Chancellor Dr. Paul Sisson, LSU Shreveport;

Chancellor William Nunez, LSU Eunice;

Each provided recent activities, awards and contributions regarding their respective campuses.

6. Reports from the Council of Staff Advisors and the Council of Faculty Advisors

Mr. Chad Gothreaux, Council of Staff Advisors, LSU Staff Senate and Dr. Kevin Cope, President of the LSU Faculty Senate, furnished informational reports. Dr. Cope introduced Dr. Tammy Dugas, Professor, Department of Pharmacology, Toxicology and Neuroscience who gave a presentation on faculty tuition benefits.

7. Reports to the Board

7A. Health Plan Status Report (Written Report Only)

7B. FY 2013-2014 3rd Quarter Consolidated Investment Report (Written Report Only)-Available on LSU System Website

7C. FY 2013-2014 3rd Quarter Consolidated Financial Report (Written Report Only)-Available on LSU System Website

Upon motion by Mr. Anderson moved, Mr. Lawton seconded, and the Board voted unanimously to accept these reports.

8. Approval of Consent Agenda Items

Chairman Yarborough offered the following recommendation:

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the Consent Agenda items as submitted.

Upon motion by Mr. McCollister, and seconded by Mr. Anderson, to approve the Consent Agenda as well as the committee resolutions which were unanimously approved by the committees, with the notation that Mr. McCollister abstained from voting on Item 6 of the Property and Facilities Committee, the Board voted unanimously.

8A. Request from the LSU Health Sciences Center New Orleans for reauthorization of the Epilepsy Center

NOW, THEREFORE BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the request for reauthorization of the Epilepsy Center at the LSUHSC-NO School of Medicine for an additional five-year period, subject to approval by the Board of Regents.

8B. Request from LSU and A&M College to Reauthorize the Reilly Center for Media and Public Affairs

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University does hereby approve the request from LSU A&M for continued full approval through June 2019 of the Reilly Center for Media and Public Affairs, subject to approval by the Louisiana Board of Regents.

8C. Request from LSU and A&M College to Name a Classroom in LSU's new Business Education Complex the "M.G. McCarroll Family Classroom"

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve the naming of a classroom in the new Business Education Complex the "M.G. McCarroll Family Classroom".

8D. Request from LSU and A&M College to Name a Faculty Office in LSU's new Business Education Complex the "David M. Oliver, Jr. Family Faculty Office"

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve the naming of a naming a faculty office the "David M. Oliver, Jr. Family Faculty Office".

8E. Request from LSU and A&M College to Name spaces in the new Olinde Career Center

- Marathon Oil Corporation, Employer Greeter Room
- BASF Corporation Student Reception Lobby
- Campus Federal Education Literacy Lab
- Phillips 66 Interview Room
- Marathon Petroleum Corporation Interview Room
- 2012-2013 LSU Student Government Conference Room

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- LSU Greater Houston Alumni Association Interview Room
- Suzanne Swindler Smith Interview Room
- Norma and Harry Longwell Family Interview Room
- Roy S. “Phatz” Sullins, Humble Oil and Refining Company Interview Room
- Employment Services Suite sponsored by Shell Oil Company

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve the namings of the New Olinde Career Center,

Marathon Oil Corporation, Employer Greeter Room
BASF Corporation Student Reception Lobby
Campus Federal Education Literacy Lab
Phillips 66 Interview Room
Marathon Petroleum Corporation Interview Room
2012-2013 LSU Student Government Conference Room
LSU Greater Houston Alumni Association Interview Room
Suzanne Swindler Smith Interview Room
Norma and Harry Longwell Family Interview Room
Roy S. “Phatz” Sullins, Humble Oil and Refining Company Interview Room
Employment Services Suite sponsored by Shell Oil Company

9. Committee Reports

9A. Finance, Infrastructure, and Core Development Committee

Mr. Anderson, Chairman of Finance, Infrastructure, and Core Development Committee, reported that the Committee received three (3) recommendations for consideration for Board approval. It is the recommendation of the Committee that the recommendation receives Board approval.

9A1. Request from LSU Alexandria to Implement a Fee for the Funding of Student Health Center Services

NOW THEREFORE, BE IT RESOLVED that the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College does hereby authorize Louisiana State University at Alexandria to implement a three dollar (\$3) per credit hour Student Health Center fee beginning in the Fall 2014 semester up to a maximum of \$36 or 12 credit hours per semester;

BE IT FURTHER RESOLVED that the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College does hereby authorize its President/Chancellor the authority to negotiate and approve contracts and policies described herein any and all provisions and stipulations that he deems in the best interest of LSU in this regard.

9A2. Request from LSU Alexandria to Apply Technology Fee up to 20 Credit Hours Per Semester.

NOW THEREFORE, BE IT RESOLVED that the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College does hereby authorize Louisiana State University at Alexandria to assess a technology fee of \$5.00 per credit hour with a maximum amount per student up to twenty (20) hours not to exceed one hundred dollars (\$100.00) per semester, beginning in the fall 2014 semester.

9A3. Request from LSU Shreveport for Tuition Exemption for Cooperating Teacher Program and Partial Tuition Exemption for Dual Enrollment Teacher Program

WHEREAS, student teaching is an indispensable part of the Teacher Education Program at Louisiana State University in Shreveport; and

WHEREAS, Louisiana State University in Shreveport has since 1974 paid a stipend to those certified teachers (Cooperating Teachers) in public and private schools who host and supervise student teachers in their classrooms; and

WHEREAS, Louisiana State University in Shreveport has paid a stipend to those Dual Enrollment Teachers in public and private schools who teach courses for college level credit; and

WHEREAS, during difficult economic times, the current stipend amount has become a significant burden on the budget; and

WHEREAS, the University would like continue to recognize the importance of the Cooperating Teachers to the supervision of the student teachers and to the overall success of the Teacher Education Programs; and

WHEREAS, the University would like continue to recognize the importance of Master's-level Education and content mastery by Dual Enrollment Teachers for the benefit of college-bound high school students.

NOW THEREFORE, BE IT RESOLVED that the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College does hereby authorize a program which beginning in the Fall 2014 in lieu of current stipends, would provide for the exemption of one-credit hour per semester at LSU Shreveport of resident tuition for each semester that a Cooperating Teacher supervises an LSU Shreveport student teacher;

BE IT FURTHER RESOLVED that the exemptions would be non-transferrable, could be aggregated together for application to one course, and would expire after five years of receipt by the Cooperating Teacher;

BE IT FURTHER RESOLVED that the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College does hereby authorize a program which would be applicable to those Dual Enrollment teachers needing to complete a Master's Degree/18 hours of graduate credit, which would in lieu of current stipends, provide for a partial exemption of \$600 per semester of dual enrollment taught, to be applied towards the resident tuition at LSU Shreveport for masters level courses.

BE IT FURTHER RESOLVED that the partial exemption would be non-transferrable, and would expire in July of the academic year following the academic year in which the exemption was exemption earned by the Dual Enrollment Teacher;

BE IT FURTHER RESOLVED that the eligible teachers under both programs would be responsible for all remaining tuition and all applicable fees not covered by the exemption; and

BE IT FURTHER RESOLVED that Louisiana State University Shreveport is bound by the Board of Supervisors' policy and therefore it shall maintain: 1) written policy with eligibility criteria, amounts, and selection and appeal processes; 2) appropriate methods of award distribution; 3) appropriate administrative procedures to ensure student eligibility for initial appointment and for retaining awards and financial assistance.

9B. Property and Facilities Committee

Mr. McCollister, Chairman of the Property and Facilities Committee, reported that the Committee received six (6) recommendations for consideration and one (1) discussion item for Board approval. Mr. McCollister noted for the record that he would abstain from item 6 on the Property and Facilities Committee. It is the recommendation of the Committee that the recommendations receive Board approval.

9B1. Request from LSU AgCenter to approve Act of Reconveyance, Transfer and Exchange of Property at the LSU Agricultural Center, Calhoun Research Station.

NOW, THEREFORE BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that F. King Alexander, President of the Louisiana State University System, or his designee, is authorized on behalf of and in the name of the Board of Supervisors to convey, transfer, and deliver back to Ouachita Parish the property and to execute any acts of acknowledgement and reconveyance necessary to effect such reconveyance of land and improvements.

BE IT FURTHER RESOLVED that F. King Alexander, President of the LSU System, or his designee, is hereby authorized by and empowered for and on behalf of and in the name of the Board of Supervisors to include in said reconveyance any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors.

9B2. Request from LSU AgCenter to enter into a Pipeline Right-of-Way Agreement with Pennington Operating Company, LLC on the LSU AgCenter's Ben Hur Research Station

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that F. King Alexander, President of the LSU System, or his designee, is authorized and empowered for and on behalf of the Board of Supervisors to execute the Pipeline Right-of-Way with Pennington Operating Company, LLC for to construct a pipeline for the purpose of transporting hydrocarbon products produced from the LSU Board of Supervisors Well #1 at the AgCenter's Ben Hur Research Station.

BE IT FURTHER RESOLVED that F. King Alexander, President of the LSU System, or his designee, be and he is hereby authorized by and empowered for and on behalf of and in the name of the Board of Supervisors to include in the Surface Lease with Subsurface Agreement any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors.

9B3. Request from Louisiana State University at Alexandria to enter into a lease agreement with Barnes and Noble for bookstore services in the University Student Center

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize F. King Alexander, President of the LSU System, or his designee, to execute the Lease Agreement with Barnes & Noble College Bookstores, Inc. for the operation of the LSU Alexandria Bookstore.

BE IT FURTHER RESOLVED that F. King Alexander, President of the LSU System, or his designee, be and he is hereby authorized by and empowered for and on behalf of and in the name of the Board of Supervisors to include in the Lease Agreement any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors.

- 9B4. Request from the LSU Health Care Services Division for Approval to sell the University Medical Center Lafayette's Administrator's house by the Health Care Services Division

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that Dr. F. King Alexander, President of the Louisiana State University System, or his designee is hereby authorized to:

1. Request the Division of Administration to approve the sale of the LSU University Medical Center at Lafayette Hospital Administrator's residence at 809 Doucet Road, Lafayette, Louisiana 70506.
2. Request the Division of Administration 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 the repair and/or replacement of the roof of the LSU HCSD Administrative and Business Office in Baton Rouge.

BE IT FURTHER RESOLVED that said Dr. F. King Alexander, President of the LSU System, or his designee, be authorized to execute and approve any act of sale or other such documents as are necessary to accomplish the transaction contemplated and to include in such documents, any terms and conditions as he deems to be in the best interest of the Board of Supervisors.

- 9B5. Request from LSU and A&M College to Approve the Schematic Design Exterior Elevations for the new LSU Greek House

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby acknowledge that the New Greek House Schematic Design Exterior Elevations is in general compliance with the Campus Design Guidelines and hereby delegates the approval of the detailed plans and specifications to the System Director of Facility Planning, or his designee.

- 9B6. Request from LSU and A&M College to Approve the Schematic Design Exterior Elevations for the LSU Foundation Building

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby acknowledge that the LSU Foundation Building Schematic Design Exterior Elevations is in general compliance with the Campus Design Guidelines and hereby delegates the approval of the detailed plans and specifications to the System Director of Facility Planning, or his designee.

- 9B7. Space Utilization Strategies and their Impact on Master Planning at LSU A&M Campus

Dr. Alexander spoke on the data information planning.

- 9C. Health Care and Medical Education Committee

Mr. Lasseigne, Chairman Health Care and Medical Education Committee, reported that the Committee received no recommendations for approval, and three (3) reports.

- 9C1. Update from LSU Health Sciences Center New Orleans and LSU Health Sciences Center Shreveport

Dr. Robert Barish, Chancellor of the Health Sciences Center Shreveport gave an update report.
Dr. Larry Hollier, Chancellor of the Health Sciences Center New Orleans gave an update report.

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Mr. Jerry Phillips, with LSU Health Care Services Division and Mr. Patrick Seiter, Attorney with Taylor Porter Brooks Phillips, gave an update on issues regarding a letter from the Center for Medicare & Medicaid Services (CMS).

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D. Athletic Committee

Mr. Chatelain, Chairman Athletic Committee, reported that the Committee received two (2) reports for consideration.

9D1. Report on the economic impact of LSU athletics

Mr. Joe Alleva, Athletic Director and Vice Chancellor of Athletics, gave a report.

9D2. LSU game day traffic study recommendations

Mr. Joe Alleva, Athletic Director and Vice Chancellor of Athletics gave a report.

10. Chairman's Report

Discussion of the Baton Rouge Area Foundation LSU and City Park Lakes Master Plan

A report was given by John Spain, Executive Vice President Baton Rouge Area Foundation.

Chairman Yarborough announced that the Audit Committee would meet in the President's Conference Room upon adjournment. He reminded members that the next regularly scheduled Board meeting will be held on Friday, June 20 in New Orleans.

11. Request to approve a recommendation for a Boyd Professor

Recommendation to designate Suzanne L. Marchand, Ph.D., Professor of History at Louisiana State University, as Boyd Professor

WHEREAS, the Louisiana State University System Boyd Professorship Review Committee has determined, in accordance with the provisions of Chapter II, Section 2-14 of the *Bylaws and Regulations*, that Suzanne L. Marchand, Professor of History at Louisiana State University, has attained national and international distinction for outstanding scholarly achievements and contributions in the field of history; and

WHEREAS, Professor Marchand is one of the world's foremost scholars of European cultural and intellectual history with a focus on Germany, and has received national and international acclaim through frequent prestigious visiting fellowships and invited presentations across the US and Europe; and

WHEREAS, Professor Marchand's intensive research and extensive writings are of high interest to scholars from multiple and diverse disciplines, including not only history but also classical studies, art history, anthropology, theology, religious studies, political science, and philosophy; and

WHEREAS, Professor Marchand currently serves as the 2013-14 President of the German Studies Association, an honor bestowed by election of her peers in the multi- and interdisciplinary

association of scholars in German, Austrian, and Swiss history, literature, culture studies, political science, and economics; and

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WHEREAS, Professor Marchand's two books, *Down from Olympus: Archaeology and Philhellenism in Germany, 1750-1970* (1996) and *German Orientalism in the Age of Empire: Religion, Race and Scholarship* (2009), published by top scholarly presses at Cambridge and Princeton, along with her numerous articles and essays, are widely cited and respected; and

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WHEREAS, in 2010, Professor Marchand's book, *German Orientalism*, was recognized with two of the highest prizes in the field, the George L. Mosse Prize for the Best Book in Cultural and Intellectual History, awarded by the American Historical Association, and the "Outstanding Academic Titles of 2010," awarded by the American Library Association; and

WHEREAS, Professor Marchand's service to LSU since joining the faculty in 1999 has been exemplary, contributing to all facets of the academic life of the University as an "ideal academic citizen" by maintaining a high level of scholarship, demonstrating an active commitment to both undergraduate and graduate education, and willingly filling any need in her department, college or university through service on multiple committees, including the Faculty Senate; and

WHEREAS, in 2012 Professor Marchand was named an LSU Distinguished Research Master and a recipient of the Tiger Athletic Foundation Teaching Prize, recognizing and confirming her outstanding contributions to both research and the educational mission of the University; and

WHEREAS, the recommendation to confer upon Suzanne L. Marchand, Ph.D., Professor of History at Louisiana State University, the System's most prestigious rank of Boyd Professor has been endorsed by the Executive Vice Chancellor and Provost of Louisiana State University, by the LSU System Boyd Professor Review Committee, by the LSU System Vice President for Academic Affairs and by the LSU President and Chancellor.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College, that Suzanne L. Marchand, Ph.D., is hereby designated as Boyd Professor, effective May 9, 2014.

12. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 2:37 p.m.

Kay Miller
Administrative Secretary to the Board
LSU Board of Supervisors



Report on Campus Bond Indebtedness

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to paragraph C. of Article VII, Section 8 of the Board Bylaws, the following is provided:

1. Summary of the Matter

At June 30, 2013, the System and those affiliated entities that are blended component units in the System's financial statements had \$512.4 million in bonds outstanding. In addition, those affiliated organizations that are considered as discretely presented component units in the System's financial statements had \$128.4 million in bonds outstanding. Total bonds outstanding increased from June 30, 2012, as a result of \$59.5 million in redemptions offset by an increase of \$154.4 million in new debt and premiums issued in Fiscal Year 2012-2013.

According to Governmental Accounting Standards Board No. 39, *Determining Whether Certain Organizations Are Component Units*, certain organizations (e.g. foundations) warrant inclusion as part of the primary government's financial reporting entity because of the nature and significance of their relationship with the primary government (e.g. colleges and universities), including their ongoing financial support of the primary government or its other component units. For purposes of determining if a component unit is significant, the Office of Statewide Reporting and Accounting Policy has set a threshold that the component units should meet to be included in the primary government's financial statements; i.e. the assets of the component unit (e.g. foundation) must equal 3% or more of the assets of the university system. This determination was made using the university system's financial statements ending 6/30/12 or 12/31/11 if the component unit's fiscal year is based on the calendar year.

2. Review of Documents Related to Referenced Matter

The FY 2012-2013 financial statements of the LSU System has been audited by the Louisiana Legislative Auditors and a report has been issued and is available for viewing at [http://app1.la.state.la.us/PublicReports.nsf/BB768D1BBB4DAA5F86257B1800713D7A/\\$FILE/0002FEC0.pdf](http://app1.la.state.la.us/PublicReports.nsf/BB768D1BBB4DAA5F86257B1800713D7A/$FILE/0002FEC0.pdf).

Attachments

- (1) FY 2012-2013 LSU System Statement of Net Assets (Statement A)
- (2) FY 2012-2013 LSU System Component Units Statement of Financial Position (Statement B)
- (3) FY 2012-2013 Profile of Bonds Issued by the LSU Campuses and its Component Units
- (4) FY 2012-2013 Summary of LSU System Bonded Indebtedness

Recommendation

The report provided is for informational purposes only and no Board action is needed.

Statement A**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA****Statement of Net Position, June 30, 2013****ASSETS**

Current Assets:

Cash and cash equivalents (note 2)	\$218,651,795
Investments (note 3)	427,956,008
Receivables, net (note 4)	265,385,272
Due from state treasury, net (note 15)	168,845,659
Due from federal government, net (note 4)	18,688,625
Inventories	22,076,348
Deferred charges and prepaid expenses	11,852,891
Notes receivable	2,839,115
Other current assets	1,853,608
Total current assets	<u>1,138,149,321</u>

Noncurrent Assets:

Restricted Assets:

Cash and cash equivalents (note 2)	151,798,339
Investments (note 3)	359,477,968
Notes receivable	23,581,940
Other restricted assets	148,103,272
Investments (note 3)	2,531,213
Other noncurrent assets	772,636
Capital assets, net (note 5)	2,057,387,702
Total noncurrent assets	<u>2,743,653,070</u>
Total assets	<u>3,881,802,391</u>

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities (note 7)	288,551,829
Deferred revenues	106,049,778
Amounts held in custody for others	8,976,849
Compensated absences (notes 11 and 14)	33,055,879
Capital lease obligations (note 14)	3,439,571
Notes payable (note 14)	537,109
Bonds payable (note 14)	14,216,048
Other current liabilities	1,845,332
Total current liabilities	<u>456,672,395</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2013**

LIABILITIES (CONT.)

Noncurrent Liabilities:

Compensated absences (notes 11 and 14)	\$84,938,152
Capital lease obligations (note 14)	31,190,291
Notes payable (note 14)	2,483,097
Other postemployment benefits payable (notes 9 and 14)	756,992,235
Bonds payable (note 14)	498,212,165
Deferred revenues - advance lease payments (note 14)	276,173,711
Other noncurrent liabilities (note 14)	811,910
Total noncurrent liabilities	<u>1,650,801,561</u>
Total liabilities	<u><u>2,107,473,956</u></u>

NET POSITION

Net investment in capital assets	1,655,523,920
Restricted for:	
Nonexpendable (note 16)	203,528,748
Expendable (note 16)	417,629,897
Unrestricted	<u>(502,354,130)</u>
Total net position	<u><u>1,774,328,435</u></u>

TOTAL LIABILITIES AND NET POSITION	<u><u><u>\$3,881,802,391</u></u></u>
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(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**COMPONENT UNITS
Statement of Financial Position, June 30, 2013**

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total Foundations
ASSETS					
Current Assets:					
Cash and cash equivalents (note 2)	\$15,720,644	\$1,977,865	\$4,482,277	\$1,861,564	\$24,042,350
Restricted cash and cash equivalents (note 2)		41,945,426			41,945,426
Investments (note 3)	6,378,830	980,683	25,496,761	5,727,447	38,583,721
Accrued interest receivable	569,369				569,369
Accounts receivable, net	747,093	1,033,381	419,891	458,953	2,659,318
Unconditional promises to give (note 28)	6,796,551	11,931,793	1,200	28,300	18,757,844
Deferred charges and prepaid expenses		923,589			923,589
Other current assets	149,157	22,973,976	595,179		23,718,312
Total current assets	30,361,644	81,766,713	30,995,308	8,076,264	151,199,929
Noncurrent Assets:					
Restricted assets:					
Cash and cash equivalents (note 2)		3,043,021	566,368	3,579,822	7,189,211
Investments (note 3)	501,977,134	65,605,891		161,023,929	728,606,954
Other	2,451,173				2,451,173
Investments (note 3)	17,189,146		86,949,601		104,138,747
Unconditional promises to give (note 28)	6,958,089	7,526,381	3,150		14,487,620
Property and equipment, net (note 5)	8,044,967	142,345,124	7,753,826	4,325,530	162,469,447
Other noncurrent assets	799,231	67,180,246		22,428	68,001,905
Total noncurrent assets	537,419,740	285,700,663	95,272,945	168,951,709	1,087,345,057
Total assets	\$567,781,384	\$367,467,376	\$126,268,253	\$177,027,973	\$1,238,544,986
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	\$3,449,702	\$2,385,815	\$808,527	\$2,077,294	\$8,721,338
Deferred revenues		21,744,013			21,744,013
Amounts held in custody for others (note 26)	17,915,739	9,214,688	6,975	62,560,128	89,697,530
Compensated absences payable (note 14)	280,782				280,782
Current portion of notes payable (note 14)	539,483			110,563	650,046
Current portion of bonds payable (note 14)	628,395	3,840,000	93,250		4,561,645
Other current liabilities	18,538	29,421			47,959
Total current liabilities	22,832,639	37,213,937	908,752	64,747,985	125,703,313
Noncurrent Liabilities:					
Amounts held in custody for others (note 26)	100,300,853		24,482,054		124,782,907
Notes payable (note 14)	2,189,284	808,731		424,432	3,422,447
Bonds payable (note 14)	4,966,605	117,885,000	1,004,251		123,855,856
Deferred revenues (note 14)		70,803,749			70,803,749
Other noncurrent liabilities	63,300	8,180,201			8,243,501
Total noncurrent liabilities	107,520,042	197,677,681	25,486,305	424,432	331,108,460
Total liabilities	130,352,681	234,891,618	26,395,057	65,172,417	456,811,773

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Financial Position, June 30, 2013**

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total Foundations
NET ASSETS					
Unrestricted	\$37,001,311	\$76,205,529	\$13,203,201	\$13,156,330	\$139,566,371
Temporarily restricted (note 16)	186,302,576	46,235,601	39,695,536	86,586,654	358,820,367
Permanently restricted (note 16)	214,124,816	10,134,628	46,974,459	12,112,572	283,346,475
Total net assets	<u>437,428,703</u>	<u>132,575,758</u>	<u>99,873,196</u>	<u>111,855,556</u>	<u>781,733,213</u>
Total liabilities and net assets	<u>\$567,781,384</u>	<u>\$367,467,376</u>	<u>\$126,268,253</u>	<u>\$177,027,973</u>	<u>\$1,238,544,986</u>

*As of December 31, 2012

(Concluded)

The accompanying notes are an integral part of this statement.

Bonds and Contracts Payable - System

Detailed summaries, by issues, of all bond and reimbursement contract debt outstanding at June 30, 2013, including future interest payments, follow:

Bonds Payable - LSU System

Issue	Date of Issue	Original Issue	Outstanding July 1, 2012	Redeemed/Issued	Outstanding June 30, 2013	Maturities	Interest Rates	Future Interest Payments June 30, 2013
LSU								
2004 Auxiliary Revenue Refunding Bonds	April 6, 2004	\$16,035,000	\$5,635,000	(\$1,785,000)	\$3,850,000	2014-2015	5.25%	\$305,814
2004 Auxiliary Revenue Bonds - Series B	October 26, 2004	51,885,000	45,360,000	(43,975,000)	1,385,000	2014-2034	5.0%	69,250
2005 Auxiliary Revenue Bonds - Series A	June 2, 2005	18,905,000	6,605,000	(1,790,000)	4,815,000	2014-2017	3.7% to 5%	418,780
2006 Auxiliary Revenue Bonds	August 9, 2006	97,095,000	91,230,000	(1,900,000)	89,330,000	2014-2036	4% to 5%	62,575,710
2007 Auxiliary Revenue Bonds	December 11, 2007	71,130,000	65,925,000	(5,975,000)	59,950,000	2014-2037	4% to 5%	40,604,595
2008 Auxiliary Revenue Bonds	June 27, 2008	52,815,000	43,040,000	(735,000)	42,305,000	2014-2034	4% to 5%	18,870,900
2010 Auxiliary Revenue Bonds - Series A and B	June 24, 2010	118,875,000	117,425,000	(2,365,000)	115,060,000	2014-2040	2% to 5.25%	90,530,100
2012 Auxiliary Revenue Bonds - Series A and B	August 7, 2012	41,615,000		41,545,000	41,545,000	2014-2034	2% to 5%	18,961,900
2013 Auxiliary Revenue Bonds - Series A and B	April 25, 2013	101,180,000		101,180,000	101,180,000	2014-2043	3% to 5%	86,532,150
LSU Health Sciences Center								
New Orleans - Building Revenue Bonds - Series 2000	January 1, 2000	15,910,000	12,730,000	(365,000)	12,365,000	2014-2031	6.20%	8,742,488
Health Care Services Division								
Bogalusa Community Medical Center Project Series 2007 A & B	September 28, 2007	17,500,000	17,500,000		17,500,000	2015-2038	.2466% - 7.88%	11,404,660
Health Care Services Mid-City Clinic Project Series 2003B	December 19, 2003	2,500,000	855,000	(275,000)	580,000	2014	1.20%	4,588
LSU at Alexandria								
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	3,900,000	(100,000)	3,800,000	2014-2034	4.0% - 5.5%	2,572,119
LSU at Eunice								
1998 Auxiliary Revenue Bonds	June 1, 1998	1,650,000	666,667	(100,417)	566,250	2014-2018	5%	86,353
2002 Auxiliary Revenue Bonds	January 17, 2002	7,000,000	6,635,000	(120,000)	6,515,000	2014-2033	7.375%	6,611,505
Total		618,295,000	417,506,667	83,239,583	500,746,250			\$348,290,912
Premium/discounts, net		11,679,743		11,681,963	11,681,963			
Total Bonds Payable		\$629,974,743	\$417,506,667	\$94,921,546	\$512,428,213			

Bonds Payable - Component Units

Issue	Date of Issue	Original Issue	Outstanding July 1, 2012	Issued (Redeemed)	Outstanding June 30, 2013	Maturities	Interest Rates	Future Interest Payments June 30, 2013
LSU Foundation								
Pooled Loan Program Revenue Bonds, Series 2003A	May 1, 2003	\$12,725,000	\$6,225,000	(\$630,000)	\$5,595,000	2014-2022	Variable	\$278,601
The Foundation for the LSU Health Sciences Center								
Equipment and Capital Facilities Pooled Loan Program	January 1, 2002	2,035,000	1,190,910	(93,409)	1,097,501	2014-2024	Variable	
Tiger Athletic Foundation*								
Revenue Bonds, Series 1999	March 4, 1999	43,575,000	40,560,000	(1,615,000)	38,945,000	2014-2033	Variable	
Revenue Bonds, Series 2004	March 23, 2004	90,000,000	79,725,000	(2,045,000)	77,680,000	2014-2039	Variable	
Series 2012 Bonds	October 23, 2012	5,100,000		5,100,000	5,100,000	2018-2037	Variable	
Total Bonds Payable		<u>\$153,435,000</u>	<u>\$127,700,910</u>	<u>\$716,591</u>	<u>\$128,417,501</u>			<u>\$278,601</u>

*As of December 31, 2012

In August 2012 the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College issued \$ 41,615,000 of nontaxable Bonds - Series 2012. The purpose of the issues was to provide monies to refund portions of Series 2004B bonds. In order to refund the bonds, portions of the proceeds of the new issue (\$41,615,000), plus an additional \$4,907,295 million of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated August 7, 2012, between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by \$7,982,558 and gave the University an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,392,654. Of the debt considered defeased in substance, \$44,672,804 is outstanding as of June 30, 2013.

In April 2013, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College issued \$101,180,000 of auxiliary revenue bonds - Series 2013. The purpose of the issues was to provide monies to (i) finance or reimburse the costs of the planning, design, acquisition, construction and equipping of expansions and additions to the University Recreation Center; (ii) a portion of the planning, design, acquisition, construction, and equipping of a New Residence Hall; and (iii) the planning and design of the acquisition, construction, and equipping of renovations to Evangeline Residence Hall; (iv) fund a deposit to the Series 2013 capitalized interest account; and (v) pay cost of issuance.

In 1999, the Tiger Athletic Foundation issued \$43,575,000 in revenue bonds for financing or reimbursing a portion of the cost of certain improvements and renovations to the East Side Upper Deck of Tiger Stadium at LSU.

In March 2004, the Tiger Athletic Foundation issued Revenue Bonds Series 2004 for a principal amount of \$90,000,000. The bonds are secured by the pledged revenues on parity with the Series 1999 bonds. The bonds have a floating interest rate based on the SIFMA Index. The

proceeds of the loan are being used to finance or reimburse a portion of the costs of the acquisition and construction of certain improvements and renovations to Tiger Stadium and a football operations center at LSU, including funding the interest and costs associated with the project. On March 15, 2007, an amendment was made to the original loan agreement which waived the principal due on September 1, 2007, and extended the payment schedule an additional year, through 2034, with the intent that the 2007 principal payment will be paid on September 1, 2034. Effective November 2009, the bonds were reissued as a single fully registered bond without coupons and shall mature September 2039.

The Tiger Athletic Foundation committed to expending \$100,000,000 on the financing, design, development, performance, and construction of the Facilities/South and Olympic Sports Improvements in accordance with the plans and specifications approved by LSU. In October 2012, the Tiger Athletic Foundation initiated two different debt instruments to finance this commitment. It entered into a Bond Purchase Agreement, and resulting Loan Agreement, so that it could borrow from the proceeds of the sale of Revenue Bonds, an aggregate principal of \$75,000,000. These bond indentures contain requirements for annual debt service and flow of funds through various restricted accounts. Beginning in 2018, the Tiger Athletic Foundation must establish a mandatory sinking fund, with annual installments due through 2037. The annual installments range from a low of \$2,910,000 in 2018 to a high of \$4,730,000 in 2037. As security for payments to be made by the Tiger Athletic Foundation, pursuant to the Loan Agreement, it has entered into an Act of Assignment of Pledged Revenues and Security Agreement, on parity with the Series 1999 and 2004 revenue bonds. The Tiger Athletic Foundation will draw down, through the term of the Loan Agreement, as construction progresses and as construction draws are presented to the Foundation, with the last draw to occur in 2014. At December 31, 2012, the Tiger Athletic Foundation has drawn \$5,100,000 of funds against its aggregate principal. For the period from loans closing date in 2012 through, but not including, October 1, 2022, this loan shall bear interest at the Special Bank Variable rate. This variable rate is equal to 65% of the 90 day LIBOR Index rate plus 2.25% or, the higher of 65% of the Federal Funds rate plus 2.625% or 65% of the Prime Rate on the Adjustment Date. At December 31, 2012, that interest rate was 2.4562%.

On May 1, 2003, the LSU Foundation participated in borrowing, along with several other organizations, the proceeds of revenue bonds totaling \$31,555,000 issued by the Louisiana Public Facilities Authority (LPFA). The Foundation's portion of the borrowing was \$12,725,000. The Foundation is scheduled to repay the funds borrowed in 2022. The borrowed proceeds from the issuance were used to help fund several construction projects including the Shaw Center for the Arts. Interest is currently being paid using a weekly rate as determined by the remarketing agent. The interest rate at June 30, 2013, was 1.00%. Total interest expense incurred on the bonds for the year ended June 30, 2013, was \$53,352. The bonds are collateralized by future revenues of the LSU Foundation.

The Foundation for the LSU Health Sciences Center financed the renovation of a building (2000 Tulane Avenue) purchased on May 15, 2003, with bond proceeds of \$2,035,000 over a 20-year period through the LPFA Capital Facilities Pool Program. The bond issue is supported by a bank letter of credit. The building was heavily damaged by Hurricane Katrina on August 29, 2005,

and during fiscal year 2010, the building was demolished. The Foundation reduced certain expenditures which allowed it to meet debt obligations despite the loss of rental revenue.

The Foundation for the LSU Health Sciences Center issued bonds in January 2002 totaling \$2,035,000 with a variable interest rate. The interest rate for fiscal year 2013 amounted to approximately 0.75%. The bond issuance costs of \$35,000 are being amortized over the life of the bonds beginning July 1, 2002. Bond amortization expense for the fiscal year ended June 30, 2013, was \$1,591.

Debt Service Requirements

The annual requirements to amortize all university bonds outstanding at June 30, 2013, are presented in the following schedule. The schedule uses rates as of June 30, 2013, for debt service requirements of the variable-rate bonds, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments will vary.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$12,915,417	\$23,291,890	\$36,207,307
2015	13,720,417	22,708,344	36,428,761
2016	13,905,417	22,105,958	36,011,375
2017	14,515,417	21,529,572	36,044,989
2018	14,774,582	20,966,141	35,740,723
2019-2023	84,230,000	94,070,096	178,300,096
2024-2028	99,900,000	72,015,950	171,915,950
2029-2033	110,770,000	46,744,291	157,514,291
2034-2038	94,445,000	20,405,693	114,850,693
2039-2043	41,570,000	4,452,977	46,022,977
Subtotal	<u>500,746,250</u>	<u>348,290,912</u>	<u>849,037,162</u>
Unamortized premium/discount	<u>11,681,963</u>	<u>NONE</u>	<u>11,681,963</u>
Total	<u><u>\$512,428,213</u></u>	<u><u>\$348,290,912</u></u>	<u><u>\$860,719,125</u></u>

The annual requirements to amortize all component unit bonds outstanding at June 30, 2013, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2014	\$4,563,395	\$56,207	\$4,619,602
2015	4,753,395	49,894	4,803,289
2016	4,948,395	43,581	4,991,976
2017	5,158,395	37,269	5,195,664
2018	5,378,395	30,956	5,409,351
2019-2023	29,768,025	60,694	29,828,719
2024-2028	29,820,000		29,820,000
2029-2033	26,720,000		26,720,000
2034-2038	15,325,000		15,325,000
2039-2043	2,000,000		2,000,000
Subtotal	128,435,000	278,601	128,713,601
Unamortized bond issuance cost	(17,499)	NONE	(17,499)
Total	<u>\$128,417,501</u>	<u>\$278,601</u>	<u>\$128,696,102</u>

*Excludes floating interest rate amounts for Tiger Athletic Foundation Revenue Bond Series 1999, Series 2004, and Series 2012 and for the Foundation for the LSU Health Sciences Center 2002 Series.

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2013:

<u>Bond Issue</u>	<u>Cash/ Investment Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Auxiliary Plant:			
LSU at Alexandria	\$313,055	\$313,050	\$5
LSU at Eunice Housing Foundation*	584,089	610,450	(26,361)
LSU A&M	8,043,706	7,500,000	543,706
Total	<u>\$8,940,850</u>	<u>\$8,423,500</u>	<u>\$517,350</u>
Educational Plant:			
LSU Health Sciences Center - New Orleans	\$1,176,841	\$1,176,841	
Health Care Services Division	2,216,024	2,216,024	
Total	<u>\$3,392,865</u>	<u>\$3,392,865</u>	<u>NONE</u>

*The Debt Service Reserve Fund is below the required level, but management is addressing the problem by increasing rental rates and investigating options on refinancing bonds.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2012 and 2013, LSU established no debt service reserve accounts. Neither surety bonds from an insurance company or an irrevocable letter of credit were required as a substitute for the reserve accounts.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2008, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$3,955,306 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2007, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$4,590,705 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds of 2006, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$6,825,940 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds of 2005 Series A, LSU obtained a surety bond issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The surety bond meets the definition as a “Reserve Fund Investment” and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Auxiliary Revenue Refunding Bonds, Series 2004, LSU obtained a surety bond issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The surety bond meets the definition as a “Reserve Fund Investment” and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Revenue Bonds, Series 2000, the LSU Health Sciences Center obtained a surety bond issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The surety bond meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$1,176,841 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds, Series 1998 (LSU at Eunice Project), the university system obtained a surety bond issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The surety bond meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$134,750 to fund the Reserve Requirement.

LSU System Bonded Indebtedness
As of June 30, 2013

<u>Campuses</u>	<u>Outstanding Bonded Indebtedness</u>
LSU A&M	459,420,000
LSU HSC New Orleans	12,365,000
LSU Health Care Services Division	18,080,000
LSU Alexandria	3,800,000
LSU Eunice	7,081,250
Premium/Discounts	11,681,963
Total Campuses	512,428,213

Bonded Indebtedness of Campus Affiliated Organizations
As of June 30, 2013

<u>Component Units</u>	<u>Outstanding Bonded Indebtedness</u>
Tiger Athletic Foundation	121,725,000
LSU Foundation	5,595,000
The Foundation for the LSU Health Sciences Center	1,097,501
Total Component Units	128,417,501
Total Financial Statement Bonds Payable	640,845,714

<u>Percent of Total</u>
89.7%
2.4%
3.5%
0.7%
1.4%
2.3%
100.0%

<u>Percent of Total</u>
94.8%
4.4%
0.9%
100.0%



Academic and Student Affairs Consent Agenda

REQUEST FROM LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER IN SHREVEPORT FOR REAUTHORIZATION OF THE CENTER OF EXCELLENCE FOR ARTHRITIS AND RHEUMATOLOGY

To: Members of the Board of Supervisors

Date: June 20, 2014

1. Significant Board Matter

This matter is a significant board matter pursuant to the following provisions of Article VII, Section 8 of the Bylaws of the Board of Supervisors:

D. 1. Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

Background. The Center of Excellence for Arthritis and Rheumatology (CEAR) at the Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S) was established and funded in 1990 by the Louisiana Legislature in House Bill No 1010 and as an academic administrative Unit and budgetary cost center by the State of Louisiana Board of Regents on April 24, 1991 and has been consistently reauthorized in the past. The current proposal is a request for reauthorization of Center status for 5 years, through June 2019.

Overview and Need. The following purpose for the Center of Excellence for Arthritis and Rheumatology was stated and approved in the original request for approval in 1990: *"the purpose of the Center of Excellence for Arthritis and Rheumatology at LSUHSC-S is to develop new activities and expand existing projects in clinical and laboratory research, patient care and treatment and education relating to rheumatologic disorders. These activities and projects are designed to provide for improved and expanded patient care as well as to enhance research productivity through individual projects and through interdepartmental, multidisciplinary projects to interact with existing talents at LSUHSC-S. The development and provision of comprehensive, patient- oriented programs for treatment, research and education related to arthritis and other rheumatic disease would establish the CEAR as one of the few exemplary programs in the country and the first and only on in Louisiana or surrounding states. These goals and objectives are consistent with and complementary to the mission of the LSUHSC-S, LSU and the state of Louisiana. Existing programs and activities will be expanded and strengthened through the approval and continuation of this Center of Excellence for Arthritis and Rheumatology"*.

Since its inception, the Center of Excellence for Arthritis and Rheumatology has served as a leader within the LSUHSC-S in its mission of 'education, service and scholarly activities' as well as community service and fundraising. All of the activities in which members of the CEAR engage, are intended to enhance and fulfill this mission as well as the strategic goals of the institution. These include teaching and serving as positive role models for trainees, actively participating on institutional committees, providing excellent patient care, contributing to research activities and the written body of literature and augmenting the institution's local/regional/national reputation.

The CEAR Accomplishments include:

Education. Within the Schools of Medicine, Graduate Studies and Allied Health Professions, the CEAR has contributed tremendously to educating trainees at all levels.

Faculty

1. teach medical students in the Core Concepts in the Basic Sciences" (module 1);
2. teach medical students in the Core Concepts in the Clinical Sciences" (module 2);
3. serve as flag group leaders and history and physical examination instructors as part of the Foundations in Medicine Courses;
4. teach rheumatology and internal medicine to junior and senior medical students in the clinical as well as lecture settings;
5. lecture graduate students and physician assistant students;
6. teach internal medicine/pediatric/orthopedic residents, rheumatology fellows and allergy fellows didactically, socratically and clinically;
7. teach a multidisciplinary musculoskeletal ultrasound course for the rheumatology fellows (and offered to orthopedic and radiology residents), designed to teach proficiency in performing diagnostic and therapeutic musculoskeletal ultrasounds;
8. lecture in regional and national internal medicine board review courses (sponsored by LSU and the MedStudy company);
9. participate in numerous American College of Rheumatology (ACR) national meetings as session organizers, moderators and panel discussants;
10. are the region's first and only pediatric rheumatology trained faculty, Drs. Vidya Raman and Sarwat Umer, we have expanded our student, pediatric resident and rheumatology fellow education to include pediatric rheumatic diseases.
11. trained most of the rheumatologists and taught many of the internists in the Shreveport/Bossier community.

In recognition of their success as knowledgeable and effective teachers and educators, the medical students have selected CEAR faculty to serve as

1. the White Coat speaker on multiple occasions,
2. graduation marshal on multiple occasions
3. winner of the Clarence Webb Clinical teacher award on multiple occasions

4. won the prestigious Alan E. Copping Award for teaching excellence.
5. serve as medical student and resident mentors.

Service: Members of the CEAR also contribute to the LSUHSC-S mission and community by providing clinical care and serving on many medical school and hospital committees (including in leadership positions) such as the;

1. Medical School Admissions committee,
2. research Institutional Review Board,
3. Graduate Medical Education committee,
4. 3rd year Medical Student Promotions Committee,
5. search committee for Chairman of the Department of Orthopedics,
6. Administrative Council,
7. Medical Curriculum committee,
8. Promotion and Tenure committee,
9. Chancellor's Education and Research White Paper committee,
10. Liaison Committee on Medical Education (LCME) Educational Program committee,
11. Clinical Board
12. Pharmacy and Therapeutics committee.

Furthermore, faculty function in leadership roles by serving as the:

1. chair of the 3rd year Medical Student Promotions committee,
2. past chair of the university Promotion and Tenure committee,
3. past chair of the Research Conflict of Interest committee,
4. past vice chair of the hospital's Pharmacy and Therapeutics committee,
5. a course director of the Core Concepts in the Basic Sciences (module 1) Immunology Course,
6. the administrative director of the Core Concepts in the Clinical Sciences" (module 2) Musculoskeletal Medicine course, and
7. past director of the junior and senior medical student Internal Medicine Clerkship.

The CEAR also provides significant internal medicine, pediatrics and rheumatology care to the LSUHSC, Overton Brooks Veteran's Administration hospital (OBVAH) and the Shriner's hospital clinic and hospitalized patients. In fact, CEAR faculty had 9,715 LSUHSC rheumatology encounters from 7/1/2011-6/30/2013 (excluding OBVAH and Shriner's patients).

CEAR faculty interpret all of the dual energy xray absorptiometry (DEXA) studies performed at LSUHSC (1,379 exams from 7/1/2011- 6/30/2013) and recently received accreditation by the International Society of Clinical Densitometry (ISCD) as an ISCD certified densitometry facility, representing the only one in Louisiana. According to the ISCD website, the closest accredited facility to the east is in Birmingham, Al (UAB), to the west is in Austin, Tx and to the north is in Rogers, Ar.

Research and Scholarship: The CEAR faculty contribute to significant scholarly activities, including:

1. investigated the mechanisms of inflammation in inflammatory bowel disease;
2. participated in pharmaceutical sponsored clinical trials investigating innovative therapies in rheumatic diseases;
3. joined the national Childhood Arthritis & Rheumatology Research Alliance (CARRA).

Members of the CEAR have authored or coauthored numerous scholarly papers and abstracts in esteemed journals, including:

1. Journal of Immunology,
2. Journal of Leukocyte Biology,
3. Gastroenterology,
4. Annals of Rheumatic Diseases
5. Journal of Rheumatology
6. chapters in textbooks

Faculty have successfully obtained a Crohn's Colitis Association grant, a prestigious American College of Rheumatology (ACR) Clinician Scholar Educator award and several ACR fellowship training awards.

As a reflection of their national recognition, the CEAR faculty have:

1. organized and chaired sessions at the ACR yearly meeting on contract negotiations and career decisions;
2. judged abstract submissions for the Southern Society of the American Federation for Medical Research, the ACR and the American College of Physicians (ACP) meetings;
3. served as an At-Large National Council Member of the Association of Specialty Professors;
4. served on the ACR In-training exam writing task force;
5. served on the ACR Education and Training Grant Review Study Section;
6. served on the ACP Louisiana Chapter Council;
7. served on the editorial boards of numerous journals;
8. served on the board of directors of the Rheumatology Alliance of Louisiana; and
9. served as a Consultant to the FDA Arthritis Advisory Committee.

The CEAR also actively promotes faculty development and continuing faculty education as indicated by faculty members successfully completing an online course in the 6 Sigma efficiency and effectiveness (sponsored by Villanova University) and attending two Harvard School of Public Health courses; the Leadership Development for Physicians in Academic Health Centers and the Introduction to Clinical Epidemiology and Biostatistics. Furthermore, all of the clinical faculty have successfully renewed their certifications in Internal

Medicine, Rheumatology and the International Society for Clinical Densitometry dual energy x-ray absorptiometry (DEXA) interpretation.

Community Service. Members of the CEAR faculty have also contributed to enhancing the community. Activities include the following:

1. lectures for public and community groups on many rheumatologic topics including an overview on rheumatology, osteoporosis, systemic lupus erythematosus, arthritis and pediatric rheumatic diseases;
2. gratis faculty at both the Overton Brooks Veteran's Administration Hospital and the Shriner's Hospital for Children;
3. medical review panels;
4. unpaid expert advisor to Dr Cecilia Mouton and the Louisiana State Board of Medical Examiners; and
5. sponsorship, in partnership with the Arthritis Foundation, of the annual "Juvenile Arthritis Family day".

Objectives of the Center over the Next Five Years

To maintain and enhance the performance of the center and ensure future viability, the CEAR faculty plans to:

1. continue its educational and service activities; and
2. develop specialized areas of research such as investigating the etiology and epidemiology of atherosclerosis in chronic inflammatory diseases such as gout, rheumatoid arthritis and lupus (in collaboration with the recently approved cardiovascular center) and innovative imaging in musculoskeletal diseases;

Additionally, because the CEAR provides pediatric rheumatology services for the entire region and a nationwide shortage of pediatric rheumatologist exists, in collaboration with the department of pediatrics, the CEAR intends to investigate the potential of developing a pediatric rheumatology fellowship (which would represent the only training program in Louisiana, Mississippi and Arkansas).

3. Fiscal Note

The Center of Excellence for Arthritis and Rheumatology (CEAR) at the Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S) was established and funded in 1990 by the Louisiana Legislature in House Bill No 1010, **\$1,349,414.00**. Because the Center of Excellence for Arthritis and Rheumatology is not designated as a profit center, its only additional sources of revenue are clinical trials, training grants and research grants which faculty will continue to apply for.

Additionally, the Center will continue to identify additional resources from federal, commercial and private foundation sources to sustain research, commercialization and educational programs.

4. Review of Documents

The full proposal is available upon request in the System Office of Academic Affairs. This proposal has been reviewed by appropriate LSUHSC-S faculty and academic administrators and by the System Office of Academic Affairs.

5. Certification of campus (or equivalent) re. Art. VII, § 8.E

Appropriate certification has been provided by Chancellor Barish.

RECOMMENDATION

It is recommended that the LSU Board of Supervisors adopt the following resolution:

RESOLUTION:

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the request from the LSU Health Sciences Center in Shreveport for full approval for a five-year term of the Center of Excellence for Arthritis and Rheumatology, subject to approval by the Louisiana Board of Regents.



Office of Academic and Student Affairs Consent Agenda

REQUEST FROM LSU A&M FOR APPROVAL TO ESTABLISH TWO ENDOWED CHAIRS

To: Members of the Board of Supervisors

Date: June 20, 2014

1. Significant Board Matter

This matter is a significant board matter pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D.1 Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

Significant donations have been made to the LSU Foundation for the establishment of two Endowed Chairs at LSU. The Louisiana Board of Regents Support Fund Endowed Chairs for Eminent Scholars Program provides for multiple \$400,000 challenge grants to be awarded on a 40:60 matching basis. Donations received of at least \$600,000 qualify for matching grants under the Regents Support Fund Endowed Chairs program.

The following Endowed Chair is proposed based on donations of \$1,200,000:

- Edwin K. Hunter Chair in the Traditions of Rhetoric and Argument in Communication Studies in the College of Humanities and Social Sciences

The following Endowed Chair is proposed based on donations of \$600,000:

- Billy and Ann Harrison Endowed Chair #2 in Geology and Geophysics in the College of Science

3. Review of Business Plan

Not applicable

4. Review of Documents Related to Referenced Matter

Supporting materials for the proposed Chairs are in order.

5. Other

Not applicable

6. Certification of campus (or equivalent) re. paragraph C, Article VII, Section 8.

Certification was provided in the resolution to create the Chairs.

RECOMMENDATION(s)

It is recommended that the Board of Supervisors adopt the following Resolutions:

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College hereby approves the establishment of the Edwin K. Hunter Chair in the Traditions of Rhetoric and Argument in Communication Studies and the Billy and Ann Harrison Endowed Chair #2 in Geology and Geophysics at Louisiana State University,

and

BE IT FURTHER RESOLVED that the Chairman of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and/or the President of the Louisiana State University System, as may be appropriate, are hereby authorized and directed to execute any documents required to obtain the matching gift and otherwise complete the establishment of the above named Chairs.



Office of Academic and Student Affairs Consent Agenda

REQUEST FROM LSU A&M FOR APPROVAL TO AWARD TWO POSTHUMOUS DEGREES

To: Members of the Board of Supervisors

Date: June 20, 2014

1. Significant Board Matter

This matter is a significant board matter pursuant to the following provisions of Article VII, Section 8 of the Bylaws of the Board of Supervisors:

D. 1. Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions

2. Summary of the Matter

Louisiana State University is requesting that a Bachelor of Science in Petroleum Engineering be awarded, posthumously, to **Pete Akuta**, who died in October 2013 as the result of an automobile accident. He first enrolled at Louisiana State University in 2005 and at the time of his untimely death he was in good academic standing, was enrolled in five courses needed for completion of his degree, and was scheduled to graduate in May 2014. The Department of Petroleum Engineering has verified Mr. Akuta's good academic standing and has full confidence he would have completed all of his requirements in the spring 2014 semester.

The faculty of the Department of Petroleum Engineering, the Dean of the College of Engineering, and LSU's Executive Vice Chancellor & Provost request that Pete Akuta be posthumously awarded the Bachelor of Science in Petroleum Engineering. By awarding this degree, the university recognizes Mr. Akuta's academic achievements as a student at LSU.

Louisiana State University is requesting that a Bachelor of Science in Psychology be awarded, posthumously, to **Colin Conn**, who died in May 2014. He was a full time student in good standing, was enrolled in the remaining required courses for the Bachelor of Science Degree in Psychology, and was scheduled to graduate in May 2014. Due to medical issues, he requested incomplete grades in several of his spring 2014 courses. He continued to work with faculty to complete the requirements of his remaining courses, and had he successfully done so, he would have been eligible to graduate in August 2014.

The faculty of the Department of Psychology, the dean of the College of Humanities & Social Sciences, and the Executive Vice Chancellor & Provost request that Colin Conn be awarded the Bachelor of Science Degree in Psychology, posthumously. By awarding this degree, the university recognizes Mr. Conn's academic achievements as a student at LSU.

3. Review of Documents Related to Referenced Matter

These requests have been reviewed and approved by the appropriate campus faculty and academic administrators and by the Vice President for Academic Affairs.

4. Certification of Campus (or equivalent) re. paragraph C, Article VII, Section 8.

Appropriate certification has been provided by the campus.

RECOMMENDATION:

It is recommended that the LSU Board of Supervisors approve the following resolution:

RESOLUTION:

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University does hereby authorize and award the degree of Bachelor of Science to Pete Akuta, posthumously, and the degree of Bachelor of Science to Colin Conn, posthumously.



Academic and Student Affairs Consent Agenda

REQUEST FROM LSU A&M FOR CONDITIONAL APPROVAL TO ESTABLISH THE LEADERSHIP DEVELOPMENT INSTITUTE

To: Members of the Board of Supervisors

Date: June 20, 2014

1. Significant Board Matter

This matter is a significant board matter pursuant to the following provisions of Article VII, Section 8 of the Bylaws of the Board of Supervisors:

D. 1. Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

LSU proposes to create the Leadership Development Institute as an umbrella organization to promote interdisciplinary research and collaboration on leadership development. The Leadership Development Institute will be a research, education and, outreach initiative within the School of Human Resource Education & Workforce Development in the College of Human Science & Education. This request is for two-year conditional approval.

Through innovative discovery, curricula, programs, and strategic partnerships with industry, the proposed institute is designed to provide a science-based focus on developing sustainable and effective leaders for Louisiana and the nation. It will link LSU's expertise in leadership development with the critical need for strong leaders to grow the economy, communities, and organizations. It will fill a unique niche by focusing on leadership *development* rather than *leadership studies*. Few institutes exist nationally which focus on the science of leadership development processes.

The proposed institute will allow LSU to focus energy and resources on enhancing economic development through leadership development and research activities. Strong, effective leaders in all types of organizations and communities is fundamental to enhancing economic development in Louisiana.

The Leadership Development Institute is designed to engage faculty from multiple disciplines on campus. During the startup period, the interdisciplinary team of faculty will include Dr. Ed Holton, Interim Director of the School of Human Resource Education & Workforce Development; Dr. Damon P. Andrew, Dean of the College of Human Sciences & Education; Dr. William Richardson, Vice-President for Agriculture and Dean, College of Agriculture; and four faculty members in the School of Human Resource Education & Workforce Development.

It is believed that the Leadership Development Institute will present significant opportunities for major gifts and naming opportunities as well as grant and contract funding. Since it is

anticipated that two years will be needed to firmly establish the funding base for this Institute, this request is for a two-year conditional approval period rather than the normal one-year. If adequate funding is assured earlier than anticipated, a request for full-five year approval will be submitted.

3. Review of Business Plan

The primary goals of the Institute in the first two years are to establish an executive committee and an advisory committee to prepare a strategic plan; solicit major donations from private donors; submit grants and contracts; and develop operational plans. During the initial startup period, Dr. Ed Holton will serve as the Director of the Leadership Development Institute with ten percent of his current salary allocated to this role. The School of Human Resource Education & Workforce Development will also fund one graduate assistant during the startup period as well as operating supplies and travel expenses.

4. Review of Documents Related to Referenced Matter

A detailed proposal is attached and is on file in the Office of the Vice President for Academic Affairs.

5. Certification of campus (or equivalent) re. paragraph C, Article VII, Section 8.

Appropriate certification has been provided by LSU.

RECOMMENDATION:

It is recommended that the Board of Supervisors approve of the following Resolution:

RESOLUTION

“NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University does hereby approve the request for two-year conditional approval of the Leadership Development Institute, subject to approval by the Louisiana Board of Regents.”



**REQUEST FROM LSU ALEXANDRIA
TO NAME THE
LSU ALEXANDRIA CALL CENTER THE
"MCCANN CALL CENTER"**

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to Article VII, Section 8. D.5.c. of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter."

D.5(c) Such other matters that are not expressly delegated herein or hereafter by the Board to the President or equivalent and which reasonably should be considered to require Board approval as generally defined above and as construed in light of the illustrative listings.

1. Summary of the Matter

Louisiana State University of Alexandria wishes to name the Call Center after the McCann Family. On April 22, 2014, the Naming Facilities Committee at LSUA voted to designate the LSUA Call Center, the "McCann Call Center".

Naming this LSUA structure for the McCanns is appropriate because of their recent role as a university benefactor. The McCanns recently gave the University a most generous gift and the committee felt it appropriate to honor their donation and name a tangible asset to commemorate this gift. , LSUA would like to thank the McCann family for its commitment and support of LSUA, and its students by naming the LSUA Call Center, the "McCann Call Center"..

ATTACHMENT:

- Letter from Chancellor G. Daniel Howard

RECOMMENDATION

It is recommended that the LSU Board of Supervisors adopt the following resolution:

"NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisor of Louisiana State University and Agricultural and Mechanical College does hereby approve the naming of LSU Alexandria Call Center the "McCann Call Center" in honor of the extraordinary commitment to Louisiana State University Alexandria."

**I. FINANCE, INFRASTRUCTURE, AND CORE
DEVELOPMENT COMMITTEE**

Mr. Ronald R. Anderson, Chairman

1. Request from LSU Shreveport to lease computers to Biomedical Research Foundation of Northwest Louisiana
2. Recommendation to establish a minimum employer contribution rate for LSU entity employees in the Optional Retirement Plan in the Teacher's Retirement System of Louisiana
3. Approval of the FY 2013-2014 supplemental appropriation and FY 2014-2015 appropriation institution distribution
4. Request from the Chief Financial Officers of the campuses and hospitals to write-off uncollectible accounts receivable as of June 30, 2014
5. Recommendation to transfer 50 Table of Organization Positions from LSU Health Science Center in Shreveport to Pennington Biomedical Research Center.
6. Recommendation to Approve the FY 2014-2015 Expenditure of Carroll W. Feist Legacy Funds for the LSU Health Sciences Center – Shreveport Feist Weiller Cancer Center and to Make a Determination of Acceptable University Purpose



Request from LSU Shreveport to Lease Computers to Biomedical Research Foundation of Northwest Louisiana

To: Members of the Board of Supervisors

Date: June 20, 2014

1. Significant Board Matter

This matter is a significant board matter pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D.1. Matter having a significant fiscal (primary or secondary) or long-term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

LSU Shreveport developed an intensive one-year certificate training program in Animation/Digital Media as a workforce development program. The program was designed as a one year program to train individuals for work in Animation/Digital Media. Upon completion of the program, the individuals would be qualified to work as assistants in the development and programming of animated digital movies for the local and regional movie industry.

In 2012 LSU Shreveport received a \$500,000 grant from the Caddo Parish Commission to purchase equipment and to provide scholarships jump starting the Animation Digital Media training program. Equipment was purchased and the program began in January 2013 with 38 students enrolled. The first class completed its training in February 2014.

After the program began, it was determined that the program could not be accredited within the structure of a four year degree granting institution and therefore, the students would not be eligible for financial aid. With the program being ineligible for federal financial aid, the \$12,000 tuition for the training proved to be an insurmountable financial barrier for potential students. – In addition, without the continued support of the Caddo Parish Commission, the program was determined to be unsustainable and thus is being discontinued at LSU Shreveport.

In 2013 the Caddo Parish Commission voted again to provide an additional \$500,000 in 2014-15 for the program, but reallocated the funds to the Biomedical Research Foundation of Northwest Louisiana for the purpose of continuing the program.

LSU Shreveport requests permission to execute the equipment lease provided as Attachment II to lease the computers purchased for the Animation Digital Media training program to the Biomedical Research Foundation of Northwest Louisiana for the specific use for the continuation of the Animation/Digital Media certificate program.

3. Fiscal Note

The lease as provided as Attachment II is for a term of two years with an option to renew for an additional year at \$12,000 per year.

4. Review of Documents

The lease was drafted by Taylor Porter, Attorneys at Law (David Shelby II), per the request of LSU Shreveport. The lease has been reviewed and approved by James D. Dean for the Biomedical Research Foundation of Northwest Louisiana.

Attachments:

- I. Letter from Interim Chancellor Sisson requesting authority to execute lease
- II. Proposed Equipment Lease by and between LSU Shreveport and Biomedical Research Foundation of Northwest Louisiana
- III. Independent valuation of computers to be leased

RECOMMENDATION:

It is recommended that the Board adopt the resolution below:

NOW, THEREFORE BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the request by LSU Shreveport to execute an Equipment Lease of computers to the Biomedical Research Foundation of Northwest Louisiana for the continuance of the Certificate program in Animation/Digital Media.

May 2, 2014

President F. King Alexander
Louisiana State University System
3810 West Lakeshore Drive
Baton Rouge, LA 70808

Dear President Alexander:

Re: Lease of computers between LSU Shreveport and the Biomedical Research Foundation of Northwest Louisiana

Attached is a Lease between LSU Shreveport and the Biomedical Research Foundation of Northwest Louisiana to lease 38 computers for 2 years (with an option for a third year) to continue a certificate program for Animation/Digital Media.

I would appreciate it if this could be placed on the Board of Supervisors agenda for June 20, 2014.

Sincerely,



Paul D. Sisson
Interim Chancellor



EQUIPMENT LEASE

STATE OF LOUISIANA

PARISH OF CADDO

THIS EQUIPMENT LEASE (the "Lease") is entered into as of the _____ day of _____, 2014, by and between

BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation of the State of Louisiana, through LSU Shreveport, represented herein by F. King Alexander, President of the Louisiana State University System, duly authorized (hereinafter referred to as "LSU" or "Lessor"),

and

BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA, a Louisiana nonprofit corporation, represented herein by James D. Dean, duly authorized (hereinafter referred to as "Lessee")

and provides as follows:

WITNESSETH

WHEREAS, LSU acquired certain moveable equipment for a certification program in digital media. The program was discontinued, and LSU is no longer in immediate need of the Equipment;

WHEREAS, Lessee intends to utilize the Equipment for a similar purpose with the public purpose of providing an efficient and effective educational opportunity to the community;

WHEREAS, LSU is the owner of the Equipment (defined herein), which shall be leased by LSU to the Lessee in accordance with the provisions of this Lease;

WHEREAS, this Lease furthers the educational and public service missions of LSU; and

NOW, THEREFORE, in consideration of Lessor's obligation to lease to Lessee the aforementioned equipment, the rent to be paid by Lessee during the term of this Lease, and the

mutual benefits accruing to the parties under this Lease, the parties do enter into this Lease, on the following terms and conditions:

**ARTICLE I.
EQUIPMENT; TERM**

1.1 For the consideration and upon the terms and conditions hereinafter expressed, the Lessor leases to the Lessee that certain equipment and movable property being more fully described and itemized on the attached Exhibit "A" (the "Equipment"), here present and accepting the same, commencing on the ____ day of _____, 2014 (the "Commencement Date"), for the term of two (2) years (the "Term"), unless otherwise terminated sooner in accordance with the terms and conditions set forth herein, or extended to a third year at the option of Lessee with the same terms, conditions and Lease Rent pursuant to Section 8.4, below.

**ARTICLE II.
CONSIDERATION**

2.1 Lease Rent. During the Term, the Lessee shall pay to the Lessor annual rent in the amount of Twelve Thousand and no/100 Dollars (\$12,000.00) (the "Lease Rent") in accordance with the provisions of this Lease.

2.2 Additional Rent. In addition to the Lease Rent, Lessee shall pay any and all other charges or SUMS which the Lessee is or becomes obligated to pay pursuant to this Lease (the "Additional Rent"). The Lease Rent and the Additional Rent may be referred to collectively herein as the "Rent." Except as otherwise set forth herein, any Additional Rent owed to the Lessor shall be due within thirty (30) days after receipt of the invoice, with reasonable description and itemization of the charge, from the Lessor.

**ARTICLE III.
USE, MAINTENANCE AND REPAIRS**

3.1 Permitted Use. Subject to the terms and provisions hereof, Lessee may use the Equipment solely for a digital media education program, (the “Permitted Use”), and for no other purposes without the prior written consent of Lessor. Lessee’s use of the Equipment shall comply at all times with the applicable laws, orders, ordinances, zoning ordinances, regulations and statutes of any federal, state, parish or municipal government now or hereafter in effect, including all environmental laws and regulations and further including all material orders, rules and regulations of any regulatory, licensing, insurance underwriting or rating organization, or other body exercising similar functions. Lessee shall not make any use of the Equipment which may make void or voidable any policy of insurance required to be maintained by Lessee pursuant to this Lease.

3.2 Operation. Lessee shall provide all facilities, equipment, furnishings, supplies, services and personnel required for the safe and proper use, operation and/or management of the Equipment consistent with standards of operation and administration generally acceptable for such equipment.

3.3 Maintenance. Lessee shall have full and sole responsibility for the condition, repair, maintenance and management of the Equipment; provided, however, that Lessee shall not owe any maintenance obligation under this Lease respecting any item of Equipment that is not in good working order as of the Commencement Date. Lessee shall provide written notice to LSU no later than thirty (30) days after the Commencement Date of this Lease of any specific items of Equipment that were not in good working order as of the Commencement Date. Lessee shall maintain the Equipment and each and every portion thereof in good working order and condition and shall be solely responsible for all costs and expenses accrued or incurred in connection

therewith. Lessor shall not be responsible for any repairs to or maintenance of the Equipment, whether ordinary or extraordinary, foreseen or unforeseen, structural or non-structural. Lessee shall maintain and provide LSU a copy of accurate records of all material work performed in furtherance of its obligations under this Section 3.3.

3.4 Lost and Stolen Equipment. Whenever Lessee has knowledge or reason to believe that any Equipment has been lost or stolen during the Term of this Lease, Lessee shall promptly notify LSU in writing and shall report such lost/stolen Equipment as required by law. Lessee shall promptly replace all lost and stolen with comparable items of substantially similar specification and value, which items shall be owned by LSU and shall be considered Equipment subject to this Lease, and Lessee shall be solely responsible for all costs and expenses incurred on connection therewith; alternatively, and in lieu of replacing the lost/stolen Equipment, Lessee may pay to LSU the fair market value of said Equipment.

3.5 Damaged Equipment. Whenever Lessee has knowledge or reason to believe that any Equipment has been damaged during the Term of this Lease, Lessee shall promptly notify LSU in writing and shall report such damaged Equipment as required by law. Lessee shall promptly repair all damaged Equipment to substantially the same condition thereof as existed prior to the event causing such damage, and Lessee shall be solely responsible for making all required repairs to damaged Equipment; alternatively, in lieu of repairing the damaged Equipment and in the event the damage is covered by Lessee's insurance, Lessee may pay the insurance proceeds stemming from the damage to LSU, provided said proceeds are sufficient to fairly compensate LSU for the damage. Lessee may not dispose of any damaged Equipment except as set forth in Section 4.1 below.

3.6 Relocation of Equipment. Lessee shall be solely responsible for any costs or expenses of any kind incurred relocating Equipment from LSU premises or otherwise. At all times, Lessee shall keep Lessor informed, in writing, of the location of the Equipment.

3.7 Compliance with State Law. Lessee shall use its best efforts to provide information and assist LSU to comply with all of the “Property Control” obligations for the Equipment set forth in Title 39 of the Louisiana Revised Statutes, Chapter 1, Part XI (La. R.S. 39:321 – 39:3332), and in Title 34 of the Louisiana Administrative Code, Part VII (sections 101 – 901), including but not limited to:

a. The obligation to appoint a Property Manager as required by La. R.S. 39:322, and to post a faithful performance of duty bond as required by La. R.S. 39:330;

b. The obligation to maintain property identification marks on the Equipment as required by La. R.S. 39:323;

c. The obligation to make a complete physical inventory of the Equipment once each fiscal year as required by La. R.S. 39:324 and Section 313 of Part VII of Title 34 of the Louisiana Administrative Code, and to make annual reports thereof to the Commissioner of Administration and the Legislative Auditor as required by La. R.S. 39:324 and 39:325;

d. The obligation to maintain a master file of the agency inventory of Equipment as required by La. R.S. 39:324, and to maintain a property location index which shall be used to keep track of the location of the Equipment as required by Section 311 of Part VII of Title 34 of the Louisiana Administrative Code;

e. The obligation to submit property control transmittal forms to the Louisiana Property Assistance Agency on a monthly basis as required by Section 317 of Part VII of Title 34 of the Louisiana Administrative Code;

f. The obligation to report lost, stolen, damaged or destroyed Equipment as required by La. R.S. 39:330 and Section 305 of Title 34 of the Louisiana Administrative Code;

g. The obligation to maintain for three years the records, reports and other documentation required by Section 305 of Title 34 of the Louisiana Administrative Code;

h. The obligation to make all records and reports regarding the Equipment available for examination as required by La. R.S. 39:328, and to make the records and Equipment available for inspection and annual audit as required by La. R.S. 39:329.

3.8 Coordination Between Lessee and LSU.

a. LSU may monitor and/or audit Lessee's performance of its Property Control obligations to ensure compliance with law and Lessee shall cooperate with LSU and provide assistance to LSU as relates to the Equipment.

b. Whenever LSU is required by law to submit reports, records, inventories or other documentation regarding the Equipment to the Commissioner of the Division of Administration of the State of Louisiana, the Louisiana Property Assistance Agency, or to any other governmental agency, Lessee shall use its best efforts to immediately supply LSU with access to the Equipment and any needed information.

c. LSU and its agents shall have the right to inspect the Equipment at any reasonable time following reasonable prior notice in a manner which does not unreasonably interfere with Lessee's use thereof.

3.9 Alienation of Equipment. Lessee shall not sell, alienate, convey, or otherwise transfer any Equipment to any person or entity other than LSU without the advance written approval of LSU. In the event that Equipment is sold/alienated/conveyed/transferred without LSU's advance written approval, such shall be null and void and without legal effect.

3.10 Taxes and Liens. Lessee shall pay as they become due all taxes and assessments, whether general or special, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Equipment. Lessee shall not allow any part of the Equipment to become and remain subjected to any mechanic's laborer's or materialman's lien. Notwithstanding the foregoing, Lessee may at its own expense and in its own name contest any such item of tax, assessment, lien, or other governmental charge and, in the event of such contest, may permit the item so contested to remain unpaid during the period of such contest and any appeal therefrom. LSU will cooperate to the extent reasonably necessary with Lessee in any such claim, defense or contest.

3.11 Waiver and Disclaimer of Warranties. Lessee accepts the Equipment in its "as is" and existing condition, without any warranty of any kind or nature, whether express or implied, contractual or statutory and whether as to the condition (patent or latent) or state of repair of the Equipment or the fitness of same for Lessee's purposes or for any other purpose whatsoever.

ARTICLE IV. INSURANCE

4.1 Required Insurance. Throughout the Term of this Lease, Lessee shall at all times maintain or cause to be maintained, with respect to the Equipment, the following insurance:

a. Property insurance against loss and/or damage to the Equipment, including loss or damage caused by fire, lightening, earthquake, collapse, sewer backup, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, are insured for property of similar character and location, which insurance shall be in an amount not less than one hundred percent (100%) of the full replacement cost of the Equipment.

b. Commercial general liability insurance for injuries to persons (including bodily injury and death) and/or property damage caused by, attributed to, or incurred in connection in any manner with the lease, use, operation, management, maintenance, replacement or repair of the Equipment, and for injuries to persons and/or property occurring in or about the Equipment, in the minimum amount of \$2,000,000 combined single limit per occurrence.

4.2 Insurers. Lessee shall obtain commercial insurance coverage in order to comply with the insurance required to be maintained by Lessee under this Section 4. All insurance required in this Section and all renewals of such insurance shall be issued by companies duly licensed and authorized to transact business in the State of Louisiana, and rated at least A- Class VIII by Best's Insurance Reports or as otherwise approved in writing by Lessor. All insurance policies provided by Lessee shall expressly provide that the policies shall not be canceled or materially altered without thirty (30) days' prior written notice to Lessor.

4.3 Additional Insureds. LSU and its board members, officers, employees, and agents, and such other persons or firms as LSU reasonably specifies from time to time (the "LSU Insured Parties") shall each be named as additional insureds on all policies required hereby, and LSU shall also be named as a loss payee on all required property damage insurance.

4.4 Required Insurance Shall be Primary. All insurance required hereby shall be written as primary policies, not contributing with or not in excess of coverage that Lessor may carry, if any.

4.5 Failure to Comply with Reporting Requirements. All insurance required hereby shall expressly provide that any failure of Lessee to comply with reporting requirements of a policy required hereby shall not affect coverage provided to the LSU Insured Parties.

4.6 No Recourse. All insurance required hereby shall provide that the insurance companies issuing the required policies shall have no recourse against LSU for payment of premiums or for assessments under any form of the policies.

4.7 Deductibles and SIR's. Any deductible or self-insured retentions must be declared to and accepted by LSU in writing. Lessee shall be responsible for all deductibles and self-insured retentions.

4.8 No Special Limitations. The coverage required hereunder shall contain no special limitations on the scope of protection afforded to the LSU Insured Parties.

4.9 Occurrence Based Policies. All insurance required hereunder shall be occurrence coverage. Claims-made policies are not allowed.

4.10 Verification of Coverage. Lessee shall furnish LSU with declarations pages, certificates of insurance, and evidence of the payment of all premiums of such policies prior to the Commencement Date. Lessee shall likewise furnish LSU with the declarations pages, certificates of insurance, and evidence of the payment of all premiums of all renewal policies. LSU reserves the right to request complete copies of all original and renewal policies (together with copies of all endorsements). Upon failure of Lessee to furnish, deliver and maintain such insurance as provided herein, then LSU may, but shall not be obligated to, obtain said insurance on behalf of Lessee at Lessee's commercially reasonable cost and expense. Failure of Lessee to purchase and/or maintain any required insurance shall not relieve Lessee from any liability or indemnification hereunder.

4.11 Condemnation, Casualty and Other Damage. The risk of loss or decrease in the enjoyment and beneficial use of the Equipment due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout,

war, nuclear explosion, terrorist attack, or otherwise (collectively “Casualty”) is expressly assumed by Lessee. None of the foregoing events shall entitle Lessee to any abatements, set-offs or counter claims with respect to payment of its Rent, or any other obligation hereunder, except as specifically set forth herein.

ARTICLE V. INDEMNIFICATION

5.1 Lessee’s Indemnification. Lessee shall indemnify, defend and hold harmless Lessor and its officers, agents and employees, together with any of their respective successors and assigns (collectively, the “Lessor Indemnitees”), against any and all loss, cost, damage, liability or expense as incurred (including but not limited to actual attorneys’ fees and legal costs) arising out of or related to any claim, suit or judgment brought by or in favor of any person or persons for damage, loss, or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by, or is attributable to the lease, use, operation, management, maintenance, repair and/or replacement of the Equipment by Lessee, its officers, agents, employees, invitees, permittees, contractors, or subcontractors. The foregoing indemnification provisions shall apply to Permitted Uses, as well as uses that are not permitted under this Lease. Notwithstanding any provision to the contrary contained in this Lease, Lessor acknowledges that Lessee’s obligation to indemnify and hold any Lessor Indemnitees harmless under this Section shall not extend to any loss, damages or other claims to the extent arising out of the negligence or willful misconduct of any Lessor Indemnitees.

ARTICLE VI. DEFAULT BY LESSEE

6.1 Default. Each of the following shall be an Event of Default by the Lessee (herein each a “Lessee Event of Default”) under the terms of this Lease:

a. Failure by the Lessee to pay Rent to the Lessor on the date on which this payment is due under this Lease, and this failure shall not be cured within fifteen (15) business days after written notice.

b. Failure to obtain and maintain all insurance as required under this Lease and/or to furnish to the Lessor evidence thereof and/or evidence of payment thereof, if the failure is not cured within five (5) business days after delivery of written notice to the Lessee of such violation.

c. A court order for relief in any involuntary case commenced against the Lessee, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, and said order is not vacated within one hundred twenty (120) days, or the entry of a decree or order by a court having jurisdiction: (i) appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of, or for the Lessee or a substantial part of the properties or assets of the Lessee; or (ii) winding up or liquidating the affairs of the Lessee, and the continuance of any such decree or order unstayed and in effect for one hundred twenty (120) consecutive days.

d. Commencement by the Lessee of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted.

e. Failure to comply with any of the obligations of this Lease (other than payment of Rent or obtaining and maintaining insurance) if the failure is not cured within sixty (60) days after delivery of written notice to the Lessee of such Lease violation or such longer period of time as may reasonably be required for the Lessee to cure the violation, provided that the Lessee pursues the cure of the violation with reasonable diligence.

In addition to any other remedies provided by Law and except as otherwise provided herein, the Lessor may, but shall not be obligated to, terminate this Lease during the continuance of a Lessee Event of Default, provided that in addition to the notice and cure period set forth above, the Lessee also is given, in writing, notice specifying the Lessee's failure and the Lessee fails to correct the alleged failure within thirty (30) days following receipt of such additional notice specifying the failure.

ARTICLE VII. DEFAULT BY LESSOR

A default by the Lessor (herein "Lessor Event of Default") will occur under this Lease if the Lessor fails to perform any of its obligations or covenants under this Lease, and such failure is not cured within thirty (30) business days after the Lessor's receipt of written notice from the Lessee of this failure; however, no Lessor Event of Default will occur if the Lessor begins to cure this failure within thirty (30) business days after its receipt of this notice and continues this cure with reasonable diligence for such period as is reasonably necessary to cure the failure.

ARTICLE VIII. MISCELLANEOUS

8.1 No Assignment. The Lessee may not, without the prior written consent of the LSU Shreveport Vice Chancellor for Business Affairs or his/her designee (the "Lessor Representative"), assign, mortgage or otherwise encumber, in whole or in part, this Lease or any interest therein; provided, the Lessee may, with prior written notice to the Lessor, but without the consent of the Lessor Representative, assign its interest as the Lessee under this Lease to a non-profit corporation, a low-profit limited liability company, a nonprofit or a low-profit liability partnership, or other non-profit legal entity wholly owned or controlled by or under common control with the Lessee, or to any non-profit entity that is a successor by merger to the Lessee or that acquires the Lessee or all or substantially all of the assets of the Lessee, provided that such

assignee assumes the Lessee's obligations hereunder by operation of Law or agrees to assume in writing the Lessee's obligations hereunder without release of the Lessee, all in form and substance approved in writing by the Lessor.

8.2 No Subletting. Lessee may not, without the prior written consent of Lessor, sublease all or any portion of the Equipment.

8.3 Books, Records and Audit. The books, accounts and records of Lessee which pertain directly to the Equipment shall be maintained at the principal office of Lessee. LSU may at its option and all its own expense during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of Lessee and its contractor(s) to the extent necessary to verify compliance with this Lessee or insofar as said books, bank accounts, records and accounts directly relate to Lessee's performance of its obligations under this Lease. Audits may be made on either a continuance or periodic basis or both and may be conducted by employees of LSU, by independent auditors retained by LSU to conduct such audit, by the Louisiana Legislative Auditor or by the Office of the Governor, Division of Administration, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs of Lessee.

8.4 Option to Renew. Lessee shall have the option to renew and extend the term of this Lease for one additional year, subject to the same terms, conditions and Lease Rent of this Equipment Lease by providing written notice of same to LSU at least ninety (90) days prior to expiration of the original term.

Signature page for Equipment Lease

IN WITNESS HEREOF, the parties hereto signed their names, as of the ____ day of April, 2014, and in the presence of undersigned competent witnesses:

WITNESSES:

**BOARD OF SUPERVISORS OF LOUISIANA
STATE UNIVERSITY AND
AGRICULTURAL AND MECHANICAL
COLLEGE through LSU SHREVEPORT**

Print name: _____

By: _____

Print name: _____

Date: _____

Signature page for Equipment Lease

IN WITNESS HEREOF, the parties hereto signed their names, as of the ____ day of April, 2014, and in the presence of undersigned competent witnesses:

WITNESSES:

**BIOMEDICAL RESEARCH FOUNDATION
OF NORTHWEST LOUISIANA**

Print name: _____

By: _____

James D. Dean, Executive Vice President

Date: _____

Print name: _____

LSU Shreveport Lease with BioMedical Research Foundation

Exhibit A

List and Description of Computer equipment, to include CPU, Monitor, Mouse, APC and associated wiring.

ASSET NUMBER	DESCRIPTION	SERIAL NUMBER	COST CENTER	PO NUMBER	FIRST ACQUISITION DATE	FIRST ACQUISITION COST
53608-228845	DELL PRECISION T3600 COMPUTER	9L8VYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228846	DELL PRECISION T3600 COMPUTER	9LBQYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228847	DELL PRECISION T3600 COMPUTER	9LCSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228848	DELL PRECISION T3600 COMPUTER	9LDWYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228849	DELL PRECISION T3600 COMPUTER	9LDXYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228850	DELL PRECISION T3600 COMPUTER	9LQWYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228851	DELL PRECISION T3600 COMPUTER	9LHXVYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228852	DELL PRECISION T3600 COMPUTER	9LMRYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228853	DELL PRECISION T3600 COMPUTER	9LMSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228854	DELL PRECISION T3600 COMPUTER	9LQSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228855	DELL PRECISION T3600 COMPUTER	9LQTYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228856	DELL PRECISION T3600 COMPUTER	9LFXVYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228857	DELL PRECISION T3600 COMPUTER	9L9RYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228858	DELL PRECISION T3600 COMPUTER	9LBSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228859	DELL PRECISION T3600 COMPUTER	9LDSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228860	DELL PRECISION T3600 COMPUTER	9LFQYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228861	DELL PRECISION T3600 COMPUTER	9LGNVYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228862	DELL PRECISION T3600 COMPUTER	9LPRVYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228863	DELL PRECISION T3600 COMPUTER	9LGSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228864	DELL PRECISION T3600 COMPUTER	9LHSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228865	DELL PRECISION T3600 COMPUTER	9LJSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228866	DELL PRECISION T3600 COMPUTER	9LKSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228867	DELL PRECISION T3600 COMPUTER	9LLSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228868	DELL PRECISION T3600 COMPUTER	9LGQYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228869	DELL PRECISION T3600 COMPUTER	9LCRYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228870	DELL PRECISION T3600 COMPUTER	9L9VYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228871	DELL PRECISION T3600 COMPUTER	9LNRVYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228872	DELL PRECISION T3600 COMPUTER	9LCWYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228873	DELL PRECISION T3600 COMPUTER	9LNSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228874	DELL PRECISION T3600 COMPUTER	9LGXYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228875	DELL PRECISION T3600 COMPUTER	9LDRYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228876	DELL PRECISION T3600 COMPUTER	9LBWYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228877	DELL PRECISION T3600 COMPUTER	9L9QYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228878	DELL PRECISION T3600 COMPUTER	9LBRYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228879	DELL PRECISION T3600 COMPUTER	9LDQYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228880	DELL PRECISION T3600 COMPUTER	9LPSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228881	DELL PRECISION T3600 COMPUTER	9LFSYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
53608-228882	DELL PRECISION T3600 COMPUTER	9LFWYV1	2074360040600000 DMCP - DIGITAL MEDIA	2013-700813	11/28/2012	\$1,868.68
	Total					\$71,009.84



To: John Miralles, The Biomedical Research Foundation of NW Louisiana

From: David Martinez, Vice President of Sales

Date: May 16, 2014

As a long standing IT solutions organization, Venture Technologies, holds to the accepted industry best practice that workstation computers should be refreshed every **3 years**. Based on the information provided in the enclosed Dell quote 633605427 dated 10/04/2012 Venture Technologies has determined the following valuation.

<u>ITEM</u>	<u>INITIAL PRICE</u> <u>(per unit)</u>	<u>DEPRECIATION</u> <u>(18 months)</u>	<u>CURRENT VALUE</u> <u>(per unit)</u>
Dell Precision T3600	\$ 1,868.70	\$ 934.38	\$ 934.32
APC BE350G	\$ 47.49	\$ 23.76	\$ 23.73

\$ 934.32 x Quantity (38) Dell Precision T3600 = \$ 35,504.16 current value

\$ 23.73 x Quantity (38) APC BE350G = \$ 901.74 current value

TOTAL VALUATION: \$ 36,405.90

Please note that this statement is to represent our interpretation of value based on the industry expectations we see from our manufacturer partners such as Dell, EMC, Cisco, Hewlett-Packard and IBM. Venture Technologies is a provider of technology products from each of these companies to both commercial and public sector customers. This letter is intended to provide industry-relevant guidance, as it relates to our experience in the market, and in no way shall hold Venture Technologies legally liable for misuse of this information.

Sincerely,

David Martinez
David Martinez

DM 5/16/14



Recommendation to Establish a Minimum Employer Contribution Rate for LSU Entity Employees in the Optional Retirement Plan in the Teacher's Retirement System of Louisiana

To: Members of the Board of Supervisors

Date: June 20, 2014

1. Significant Board Matter

This matter is a significant board matter pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D.1. Matter having a significant fiscal (primary or secondary) or long-term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

Louisiana Revised Statute 11:921 through 11:931 provides for optional retirement plans (ORP) for academic and administrative employees of public institutions of higher education and their governing boards. The optional retirement plan was created by Act 90 of the 1989 Regular Legislative Session and is a defined contribution plan option for employees of public higher education institutions and boards who would otherwise be members of the Teacher's Retirement System of Louisiana (TRSL) defined benefit plan. The optional retirement plan allows account holders to save and invest their retirement assets on a tax deferred basis through private carriers contracted with the program. The optional retirement plan was conceived to enhance recruitment of higher education faculty and staff by providing a retirement benefit with increased portability for participants. Eligible employees must make an irrevocable election to participate in either the optional retirement program or the regular TRSL program within sixty days of their initial employment.

Regardless of which retirement plan the employee joins, the employer's share of the cost was the same. Specifically, R.S. 11:927(B) provided that each employer institution and board was required to contribute to the TRSL on behalf of each participant in the optional retirement plan the same amount it would have contributed if the participant had been a member of the TRSL defined benefit retirement plan.

The TRSL aggregate normal cost rate has declined from 6.95% of payroll in FY 2008-09 to 3.66% in FY 2014-15. The drop in the TRSL normal contribution rate has automatically decreased the ORP Employer match rate by default.

House Bill 6 of the 2014 Regular Legislative Session requires that prior to July 1, 2014 and prior to June 1st each year thereafter through FY 2017-18, each higher education board shall submit to the retirement system a resolution which provides the amount that the board will contribute to the TRSL on behalf of each participant in the optional retirement plan provided that the amount is the sum of:

- (1) The amounts calculated pursuant to R.S. 11:102(D)(4)(b),(c), and (d) and
- (2) An amount equal to or greater than the equivalent of the employer's portion of the normal cost contribution of the regular retirement plan

The end goal of House Bill 6 is that by FY 2018-19, each higher education board and each employer institution under its control shall provide for the contribution to the Teacher's Retirement System of Louisiana on behalf of each participant in the ORP the sum of:

- (1) The amounts calculated pursuant to R.S. 11:102(D)(4)(b),(c), and (d) and
- (2) An amount not less than six and two tenths percent of pay

In an effort to make progress toward the goal of six and two tenths by FY 2018-19, but with recognition of the past and future budget impacts, it is recommended that the contribution amount be increased as follows:

Fiscal Year	ORP Normal Cost Employer Contribution Rate
2014-15	5.1839%
2015-16	5.4379%
2016-17	5.6919%
2017-18	5.9459%
2018-19	6.2%

3. Fiscal Note

Based on those LSU System employees that were enrolled in the TRSL optional retirement program at November 1, 2013, the estimated increase for the normal cost of 5.1839% in FY 2014-15 to 6.2% in FY 2018-19 would be approximately \$1,966,215 in operating budget funds and \$3,110,772 in total funds for the LSU System. This calculated increase does not reflect anticipated increases in the unfunded accrued liability portion of the TRSL employer contribution.

4. Review of Documents

House Bill 6 was reviewed by the Vice President of Finance and Administration.

RECOMMENDATION:

It is recommended that the Board adopt the resolution below:

NOW, THEREFORE BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the contribution to the Teacher's Retirement System of Louisiana on behalf of each participant in the optional retirement program equal to the sum of the amounts calculated pursuant to R.S. 11:102(D)(4)(B),(c), and (d) and 5.1839% of pay in FY 2014-15; 5.4379% of pay in FY 2015-16; 5.6919% of pay in FY 2016-17; 5.9459% of pay in FY 2017-18; 6.2% of pay in FY 2018-19.



**Approval of FY 2013-2014 Supplemental Appropriation and
FY 2014-15 Institution Distribution**

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to paragraph C. of Article VII, Section 8 of the Board Bylaws, the following is provided:

1. Summary of the Matter

House Bill 1094, the Supplemental Appropriations Bill provides amended appropriations for the current fiscal year, 2013-2014. The supplemental appropriation bill did not provide for items that pertained to the LSU System institutions.

On January 24, 2014 the Commissioner of Administration presented the FY 2014-15 Governor's Executive budget to the Joint Committee on the Budget as follows (in billions):

Funding Source	FY 2013-14 as of 12/1/2013	Proposed Executive Budget 2014-15	Difference
State General Fund	\$8,431.5	\$8,617.6	\$186.1
Fees & Self-Generated	2,282.0	2,454.9	173.0
Statutory Dedications	4,489.7	4,031.7	(458.0)
Interim Emergency Board	.9	.0	(.9)
Total State Fund	15,204.0	15,104.2	(99.7)
Federal Funds	10,410.6	9,886.6	(524.0)
Grand Total	\$25,614.5	\$24,990.8	\$(623.7)

It is from these general calculations that the funding for Postsecondary Education was derived.

The original FY 2014-15 Executive Budget proposed \$2.622 billion total means of financing for Postsecondary Education. The proposed State funding of \$900.1 million was provided to the Board of Regents for subsequent distribution to the Systems.

As provided in Attachment I, general postsecondary education funding appeared to be held basically at a steady state after (1) reducing non-recurring carryover and one-time expenditures, (2) reducing special legislative projects, and (3) reducing for hospital adjustments. In addition, the Board of Regents was provided \$40,000,000 for distribution in accordance with the Workforce and Innovation for a Stronger Economy (WISE) program, \$6.1 million to address formula inequities at the various formula entities, and \$2M for facility and technology upgrades for Southern University and Grambling University.

On April 28, 2014, the House Appropriation Committee amended the executive budget as provided in Attachment II to increase funding to LSU for the Cain Center for the Quality Science and Mathematics Council, increase funding for TOPS, increase funding for the University of Lafayette Louisiana Procurement Technical Assistance Center, to provide increase interagency transfers from the Department of Health and Hospitals to LSU Health Science Shreveport for hospital legacy costs whose use was amended to be legacy and operating costs by the House Floor, and to provide additional self-generated authority to LSU Shreveport and various University of Louisiana System institutions.

On May 25th, the Senate Finance Committee met and adjusted the means of financing for the WISE program. Before this action, all dollars were coming from the general fund. After the Senate action, \$12,150,000 will be coming as an Interagency Transfer from the Division

of Administration Community Development Block Grant, and \$11,000,000 will be coming from the Library and Scientific acquisitions account in the capital outlay bill. The Senate Finance Committee also reversed some of the additional funding provided above by the House Appropriation Committee such as the University of Louisiana Lafayette Procurement Technical Assistance Center, and the LSU Cain Center for the Quality Science and Mathematics Council. Additions by the Senate Finance Committee include \$3,000,000 for the LSU Health Science Center in Shreveport, \$2,700,000 for Southern A&M, \$1,500,000 for Southern Law Center, \$300,000 for Southern Shreveport. In addition, several statutory dedicated funds were reduced to equal the revenue estimate committee projections. Finally, additional self-generated authority was provided to Southern University campuses and Louisiana Community and Technical College System campuses.

2. **Review of Documents Related to Referenced Matter**

N/A

Attachments

- (1) Summary of FY 2015-2016 Governor's Executive Budget Financial Picture
- (2) Summary of FY 2015-2016 House Amendments
- (3) Summary of FY 2015-2016 Senate Amendments

RECOMMENDATION

It is recommended that the Board adopt the resolution set forth below.

WHEREAS, Article VII, Section 5 [D] [4] of the Louisiana Constitution requires the Board of Regents to develop a funding formula as a component of the Master Plan for Public Postsecondary Education for the equitable distribution of funds to the institutions of postsecondary education; and

WHEREAS, Article VIII, Section 12 of the Louisiana Constitution states that appropriations for the institutions of higher education shall be made to their managing boards and the funds appropriated shall be administered by the managing boards and used solely as provided by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College that the Board authorizes the President/Chancellor of LSU with notice to the Board to act on behalf of the Board in presenting the methodology and distribution of appropriations and table of organization positions to the institutions of the System to the Board of Regents, the Legislature or its committees as required between meetings of the Board of Supervisors, and hereby delegates all such authority necessary to accomplish such purposes.

BE IT FURTHER RESOLVED that the actions taken herein constitute approvals of the appropriations, not specific approval of the operating budgets of any budget entity of the System, as required, which approvals remain with the Board or President/Chancellor, each respectively, pursuant to the Bylaws and as provided by law.

**Louisiana Postsecondary Education
FY 2014-2015 Executive Budget Financial Picture**

	Gen Fund	IAT	SG	Stat Ded
Existing at 12-1-13	524,820,869	111,235,049	1,279,887,741	594,669,343
non-recur carryover BA-7's (BOR,HSC S, ULM, LSU Law,LOSFA)	(152,216)		(555,237)	
McNeese - Non-recur one-time settlement OCF				(1,333,707)
MOF Swap - replace general fund with SELF stat ded funds	(2,352,000)			2,352,000
MOF Swap - replace general fund with calcasieu parish stat ded funds	(39,848)			39,848
MOF Swap - replace general fund with orleans parish stat ded funds	(23,686)			23,686
MOF Swap - replace TOPS stat ded funds with general funds	64,952,653			(64,952,653)
Addition in calcasieu parish higher ed imp. stat ded fund				32,611
Reduction in tobacco tax fund stat ded funds				(659,588)
Hospital adjustments	(479,935)	(97,141,475)	3,455,490	(4,000,000)
Workload adjustments (LSU, SU, BOR)		1,012,273	3,000,000	1,000,000
LOSFA - adjust budget to anticipated revenue		(120,656)	(79,414)	
Non-recur one-time prior year operations & deferred maintenance funds				(40,000,000)
Non-recur special legislative projects (detailed below)	(7,500,000)			
MOF Swap - replace OCF with general fund for base funding	294,265,343			(294,265,343)
BOR - increase funding for WISE initiative	7,024,052			32,975,948
BOR - increase funding for formula equity				6,100,000
BOR - increase funding for facility & technology upgrades (SU,GSU)	2,000,000			
LOSFA - increase funding for TOPS	17,559,885			
Estimated SG increase for GRAD Act			87,723,162	
Ending for FY 12-13	900,075,117	14,985,191	1,373,431,742	231,982,145

"Non-recur Special Legislative Projects " Summary

SU A&M - operational funds	(1,500,000)			
SU NO - operational funds	(1,500,000)			
SU S - operational funds	(1,500,000)			
SU Ag - operational funds	(1,000,000)			
SU BOS - operational funds	(2,000,000)			
Net Special Legislative Projects Reduction	(7,500,000)	0	0	0

House Appropriation Committee House Bill 1 with Amendments

Agency/Institution	State General Fund	Interagency Transfer	Fees and Self-Generated Revenue	Statutory Dedications	Federal	Total	House Committee Amendment #
Board of Regents							
Board of Regents							
Provides funding to the Cain Center for the Quality Science and Mathematics Council for funding to teachers for science and math-related materials.	\$250,000					\$250,000	4042
Replaces \$39 million in funding from the Overcollections Fund with state general fund (WISE and Rapid Growth).	\$39,075,948			(\$39,075,948)		\$0	Preamble
LOFSA - TOPS Tuition							
Provides additional funding to the Board of Regents for TOPS awards.	\$14,902,736					\$14,902,736	Preamble
UL Lafayette							
Provides funding to the University of Louisiana at Lafayette for the Louisiana Procurement Technical Assistance Center (PTAC).	\$185,000					\$185,000	3968
Louisiana State University System							
EACMC							
Eliminates funding for E. A. Conway Medical Center.			(\$2,999,765)			(\$2,999,765)	Preamble
HSC Shreveport							
Provides funding from the Department of Health and Hospitals to the LSU Health Sciences Center-Shreveport for legacy costs.		\$8,000,000				\$8,000,000	Preamble
LSU Shreveport							
Provides additional funding to Louisiana State University - Shreveport for operating expenses.			\$1,000,000			\$1,000,000	Preamble
University of Louisiana System							
To adjust fees and self-generated budget authority to properly align expenditures with projected revenue collections by increasing funding for Nicholls State University (\$1 million), Louisiana Tech University (\$2.5 million), and University of Louisiana at Lafayette (\$1 million) and decreasing funding to Grambling State University (\$3 million), Northwestern State University (\$1.2 million), and the University of New Orleans (\$7 million).							
GSU			(\$3,000,000)			(\$3,000,000)	Preamble
La Tech			\$2,500,000			\$2,500,000	Preamble
NISU			\$1,000,000			\$1,000,000	Preamble
Nwsu			(\$1,200,000)			(\$1,200,000)	Preamble
ULL			\$1,000,000			\$1,000,000	Preamble
UNO			(\$7,000,000)			(\$7,000,000)	Preamble
Grand Total	\$54,413,684	\$8,000,000	(\$8,699,765)	(\$39,075,948)	\$0	\$14,637,971	

**Louisiana Postsecondary Education
FY 2014-2015 Senate Amendments to HB1**

	Gen Fund	IAT	SG	Stat Ded
BOR - means of financing swap		(1,336,283)	1,336,283	
MOF Swap - replace general fund with TOPS stat ded funds	(3,391,949)			3,391,949
MOF Swap - replace general fund with IAT CDBG and HB2 funding	(23,150,000)	12,150,000		
LSU A&M - reduce funding for Cain Center for the Quality Science & Math	(250,000)			
ULL - reduce funding for La. Procurement Technical Assistance Center	(185,000)			
LSU HSC S - funding for medical school operations	3,000,000			
SU A&M - funding for operations	2,700,000			
Southern Law center - funding for operations	1,500,000			
Southern Shreveport - funding for operations	300,000			
Reduction in SELF funds				(93,000)
Reduction in Calcasieu Parish Fund				(20,628)
Reduction in Orleans Parish Excellence Fund				(12,606)
Self Generated Increases			1,624,960	
Ending for FY 12-13	(19,476,949)	10,813,717	2,961,243	3,265,715



Request from the Chief Financial Officers of the Campuses and Hospitals to Write-off Uncollectible Accounts Receivable as of June 30, 2014

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to paragraph D. of Article VII, Section 8 of the Board Bylaws, the following is provided:

1. Significant Board Matter

This matter is a "significant board matter" pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D.1. Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

In the normal course of business, campuses are involved in transactions that result in monies being owed to the University for which they are unable to collect. Once each year the campuses submit summaries of debts which are to be considered for write-off as of the end of fiscal year (June 30). The write-off prevents the campus from overstating assets and helps to concentrate collection efforts on the more recent debt which is more likely to be collected. This write-off is made in accordance with Business Affairs Policy Memorandum C-8, which provides for write-off of all accounts which have been inactive for three (3) years, where "inactive" is defined as non-payment and in accordance with the AICPA's Hospital Audit Guide, which provides for prior allowance discounts and adjustments to patient care accounts.

Although ongoing collection effort is abandoned on these accounts, the campuses reserve the right and duty to collect should the opportunity arise. For example, even though the account is written-off, the debtor remains obligated to the campus. Lists are maintained of students and vendors who have debts written-off, and the various campuses will prohibit them from reenrolling, securing transcripts, or doing further business with the university until such debts are paid in full.

3. Fiscal Note

Total unrestricted and restricted receivables being sought for write-off are \$769,207 and \$458,553 respectively. Combined, this represents .25% of the receivables booked in the prior year.

4. Review of Documents Related to Referenced Matter

The Chief Financial Officers of each campus desiring to write-off uncollectible receivables have sent in detailed information on the accounts. The actual write-off requests follow the format used by the Office of Statewide Reporting and Accounting Policy (OSRAP) in its quarterly report on receivables.

Staff Report

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5. Other

The campuses of the LSU System have adopted the collection policies and procedures developed by OSRAP and as codified in the Louisiana Register, Volume 28, Number 11, dated November 20, 2002.

For medical accounts receivable only, the LSU Health Sciences Center New Orleans, LSU Health Sciences Center Shreveport, and LSU Health Sciences Center Health Care Service Division have developed separate procedures which have been approved by the Louisiana Cash Management Review Board.

Attachments:

- (1) Summary schedule of proposed write-offs
- (2) LSU System procedures for collection of accounts receivable
- (3) History of accounts receivable write-offs as a percentage of total accounts receivable, FY 2005 through FY 2014

RECOMMENDATION

It is recommended that the Board adopt the resolution set forth below.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby authorize the write-off of accounts receivable for fiscal year 2013-14 which are deemed to be uncollectible and chargeable against the respective funds, without prejudice to the continuing right to collect such sums.

LSU System
Summary Schedule of Proposed Write-offs

	Unrestricted	Restricted	Total Funds	
Campus	Requested Write-off	Requested Write-off	Requested Write-off	Overall WO as a percent of Total Receivables booked in Prior year
LSU and A & M, Hebert Law Center, LSU Ag Center				
Student Fees	\$449,196	\$47,238	\$496,434	
Short Term Loans	\$0	\$869	\$869	
Hospitals	\$0	\$0	\$0	
Clinics	\$0	\$0	\$0	
Contracts	\$0	\$30,000	\$30,000	
Sales & Services	\$1,503	\$146,213	\$147,716	
Other	\$39,052	\$21,591	\$60,643	
Subtotal	\$489,751	\$245,911	\$735,662	0.27%
Pennington Biomedical Research Center				
Student Fees				
Short Term Loans				
Hospitals				
Clinics				
Contracts				
Sales & Services				
Other				
Subtotal	\$0	\$0	\$0	0.00%
LSU at Alexandria				
Student Fees	\$130,174	\$11,497	\$141,671	
Short Term Loans	\$0	\$0	\$0	
Hospitals	\$0	\$0	\$0	
Clinics	\$0	\$0	\$0	
Contracts	\$0	\$0	\$0	
Sales & Services	\$625	\$1,365	\$1,990	
Other	\$0	\$55	\$55	
Subtotal	\$130,799	\$12,917	\$143,716	1.14%
LSU at Eunice				
Student Fees	\$39,690	\$6,830	\$46,520	
Short Term Loans	\$0	\$0	\$0	
Hospitals	\$0	\$0	\$0	
Clinics	\$0	\$0	\$0	
Contracts	\$0	\$0	\$0	
Sales & Services	\$0	\$7,040	\$7,040	
Other	\$0	\$0	\$0	
Subtotal	\$39,690	\$13,870	\$53,560	0.63%

LSU System
Summary Schedule of Proposed Write-offs

	Unrestricted	Restricted	Total Funds	
Campus	Requested Write-off	Requested Write-off	Requested Write-off	Overall WO as a percent of Total Receivables booked in Prior year
LSU at Shreveport				
Student Fees	\$108,821	\$26,967	\$135,788	
Short Term Loans	\$0	\$0	\$0	
Hospitals	\$0	\$0	\$0	
Clinics	\$0	\$0	\$0	
Contracts	\$0	\$0	\$0	
Sales & Services	\$0	\$1,877	\$1,877	
Other	\$146	\$349	\$495	
Subtotal	\$108,967	\$29,193	\$138,160	0.87%
LSUHSC New Orleans				
Student Fees	\$0	\$0	\$0	
Short Term Loans	\$0	\$0	\$0	
Hospitals	\$0	\$0	\$0	
Clinics	\$0	\$152,070	\$152,070	
Contracts	\$0	\$0	\$0	
Sales & Services	\$0	\$0	\$0	
Other	\$0	\$4,592	\$4,592	
Subtotal	\$0	\$156,662	\$156,662	0.09%
LSUHSC Shreveport				
Student Fees				
Short Term Loans				
Hospitals				
Clinics				
Contracts				
Sales & Services				
Other				
Subtotal	\$0	\$0	\$0	0.00%
E. A. Conway				
Student Fees				
Short Term Loans				
Hospitals				
Clinics				
Contracts				
Sales & Services				
Other				
Subtotal	\$0	\$0	\$0	0.00%
Huey P. Long Medical Center				
Student Fees				
Short Term Loans				
Hospitals				
Clinics				
Contracts				
Sales & Services				
Other				
Totals	\$0	\$0	\$0	0.00%

LSU System
Summary Schedule of Proposed Write-offs

	Unrestricted	Restricted	Total Funds	
Campus	Requested Write-off	Requested Write-off	Requested Write-off	Overall WO as a percent of Total Receivables booked in Prior year
LSU HCSD				
Student Fees				
Short Term Loans				
Hospitals				
Clinics				
Contracts				
Sales & Services				
Other				
Subtotal	\$0	\$0	\$0	0.00%
Systemwide Totals				
Student Fees	\$727,881	\$92,532	\$820,413	
Short Term Loans	\$0	\$869	\$869	
Hospitals	\$0	\$0	\$0	
Clinics	\$0	\$152,070	\$152,070	
Contracts	\$0	\$30,000	\$30,000	
Sales & Services	\$2,128	\$156,495	\$158,623	
Other	\$39,198	\$26,587	\$65,785	
Totals	\$769,207	\$458,553	\$1,227,760	0.25%

LSU SYSTEM PROCEDURES FOR COLLECTION OF ACCOUNTS RECEIVABLE

STUDENT ACCOUNTS							
CAMPUS	Withholds Grades & Transcripts; Prevents Registration, Etc.	Office Responsible For Collection	Number Of Notifications	Drop Students *	Refers To A Collection Agency Or Credit Bureau	Agency/Bureau	Cost To Campus
LSU A&M	Yes	Bursar Operations	Monthly (3)	No	Yes (2)	National Recovery Agency	8.25% of collections
LSU HSCNO	Yes	Accounting Services	At Least 2	Yes	Yes	National Recovery Agency	8.25% of collections
LSU HSCS	Yes	Comptroller	At Least 2	Yes	Yes	University Attorney	Contractual hourly rate
LSU Law Center	Yes	Bursar Operations	Monthly (3)	No	Yes (2)	First Revenue Assurance	10% of collections
LSU S	Yes	Accounting Services	2	No	Yes (1)	National Recovery Agency	8.25% of collections
LSU A	Yes	Accounting Services	2	No	Yes	National Recovery Agency	8.25% of collections
LSU E	Yes	Business Affairs	4	Yes	Yes (2)	National Recovery Agency	8.25% of collections

* Students are terminated on the last day of the semester to withdraw and receive a grade of "W"

(1) Accounts must be over \$50.00.

(2) Delinquent Perkins Student Loan accounts are submitted to the Office of the Attorney General.

(3) Certified letters sent to students who present an NSF or otherwise uncollectible check, and to those whose deferred payments are late.

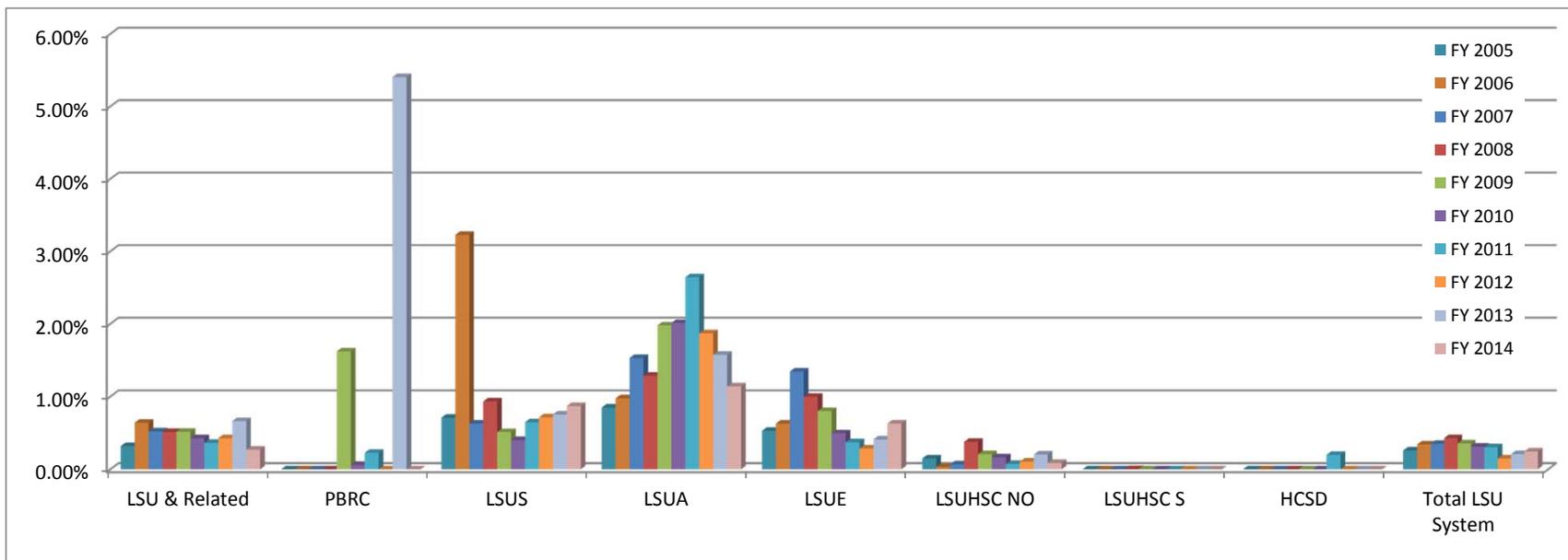
VENDOR ACCOUNTS	
CAMPUS	PROCEDURE
LSU A&M	Monthly statements are sent. Letters requesting payment are sent. If no response, they are turned over to a collection agency.
LSU HSCNO	Follow-up with calls and in writing within 90 days. Thereafter, attorney consulted to see if the pursuit of A/R is advisable.
LSU HSCS	Follow-up with calls and in writing within 90 days. Thereafter, attorneys consulted to see if their pursuit of A/R is advisable.
LSU Law Center	Has general policy of "cash and carry." If accounts did become delinquent, they would be turned over to collection agency.
LSU S	Notify vendors by certified letter. If no attempt to pay is made, the account is turned over to a collection agency. Continue to send past due bills.
LSU A	Follow-up invoice sent. If no response, they are turned over to a collection agency.
LSU Ag Center	Monthly statements are sent. Letters requesting payment are sent. If no response, they are turned over to a collection agency.
LSU PBRC	Second notice invoices sent, 3rd & 4th requests accompanied by letter. Thereafter, attorneys consulted to see if their pursuit of A/R is advisable.
LSU E	Four letters requesting payment are sent. If no response, account is turned over to a collection agency.

LSU SYSTEM PROCEDURES FOR COLLECTION OF MEDICAL RECEIVABLES

Medical Receivables								
Campus	Office Responsible For Collection	Policy Approved by	First Billing	First Follow-up	Statements Mailed	Faculty Review	Refers To A Collection Agency Or Credit Bureau	Other
LSUHSC NO								
Physician Services	LSU Healthcare Network	CMRB	Automated to medicare,caid or ins. carrier	By Phone to insurer	At 30 day intervals	yes	yes and no further service	
Allied Health Faculty Practice Plan	Dean's Office	CMRB	Automated to medicare,caid or ins. carrier	By Phone to insurer	At 30 day intervals	yes	yes and no further service	
Dental Faculty Practice Plan	Dean's Office	CMRB	Automated to medicare,caid or ins. carrier	By Phone to insurer	At 30 day intervals	yes	yes and no further service	
Sch. of Dent. Stud. Clinic	Dean's Office	CMRB	Automated to ins. Carrier or collect at time of service	By Phone to insurer	At 30 day intervals	yes	No	No further service
Nursing Faculty Practice Plan	Dean's Office	CMRB	Generally services are provided to a facility rather than a specific patient. Services are billed according to agreement	By Phone to insurer	At 30 day intervals	yes	yes and no further service	
LSUHSC SHREVEPORT								
Faculty Practice Plan	Patient Accounting	CMRB	Automated to medicare,caid or ins. carrier	By Phone to insurer	At 10 to 36 day intervals	yes	Yes 10 days after final notice	Med. Ass't. Program to help Patients qualify for medicaid
Hospitals	Patient Accounting	CMRB	Automated to medicare,caid or ins. carrier	By Phone to insurer	At 10 to 36 day intervals	NA	Yes 10 days after final notice	Med. Ass't. Program to help Patients qualify for medicaid
Civil tort or workmen's compensation claims for medical services which we provided	In-house Legal Counsel (Hospital Billing is responsible for workmen's compensation claims unless an attorney is involved; if an attorney is involved, the claim is referred to In-house Legal Counsel.	General Counsel	When our providers learn of a third-party claim, a notice of privilege is sent in accordance with law to all parties involved	As necessary	Yes	No	AG or other outside counsel may be used for complicated cases.	When the patient's suit is settled, or a judgment obtained, medical bills are paid. If notified by the court of no liability, the legal file is closed.
LSUHSCD								
Hospitals	Hospital and Central Business Office (HCSD Admin) Billing	CMRB	Automated to medicare,caid, ins or workmen's comp. carrier	Phone contacts to insurer by Central Business Office (HCSD Admin)	At 30 day intervals	NA	Yes, after 90 days placed with first collection agency	Placed with second collection agency after 180 days with first collection agency and no payment arrangement
Civil tort or workmen's compensation claims for medical services which we provided	In-house Legal Counsel (Hospital Billing is responsible for workmen's compensation claims unless an attorney is involved; if an attorney is involved, the claim is referred to In-house Legal Counsel.	General Counsel	Same as LSUHSC Shreveport	As necessary	Yes	No	AG or other outside counsel may be used for complicated cases.	Same as LSUHSC Shreveport

LSU System History of Accounts Receivable Write-offs As a Percentage of Total Accounts Receivable For Fiscal Years 2005 - 2014

Campus	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
LSU & Related	0.32%	0.64%	0.52%	0.52%	0.52%	0.43%	0.36%	0.43%	0.66%	0.27%
PBRC	0.00%	0.00%	0.00%	0.00%	1.62%	0.06%	0.23%	0.00%	5.40%	0.00%
LSUS	0.71%	3.23%	0.63%	0.93%	0.51%	0.40%	0.65%	0.72%	0.75%	0.87%
LSUA	0.85%	0.98%	1.53%	1.29%	1.98%	2.01%	2.64%	1.87%	1.57%	1.14%
LSUE	0.53%	0.63%	1.34%	1.00%	0.80%	0.50%	0.37%	0.29%	0.41%	0.63%
LSUHSC NO	0.15%	0.03%	0.07%	0.38%	0.21%	0.17%	0.07%	0.11%	0.20%	0.09%
LSUHSC S	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HCSD	-	-	-	-	-	-	0.20%	0.00%	0.00%	0.00%
Total LSU System	0.26%	0.34%	0.35%	0.43%	0.36%	0.31%	0.31%	0.15%	0.21%	0.25%



NOTE: LSU & Related includes LSU and A & M, Hebert Law Center, LSU Ag Center, and LSU Board of Supervisors



Recommendation to Transfer Fifty Table of Organization Positions from LSU Health Center in Shreveport to Pennington Biomedical Research Center

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to paragraph D of Article VII, Section 8 of the Board Bylaws, the following is provided:

1. Significant Board Matter

This matter is a "significant board matter" pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D.1 Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions.

2. Summary of the Matter

Pursuant to FY 2013-2014 House Bill 1 (Appropriations Bill) each institution of the LSU System was subjected to a Table of Organization (T.O.) position control. This control provides the number of authorized appropriated positions that an entity can have filled in a given fiscal year. The beginning FY 2013-14 authorized T.O. positions for each unit of the Louisiana State University System is as follows:

Institution	Authorized T.O. Positions
LSU A&M	3,773
Paul M. Hebert Law	110
LSU Ag Center	904
Pennington Biomedical Research Center	183
LSU BOS	15
LSU at Alexandria	223
LSU at Shreveport	292
LSU at Eunice	177
LSU HSC NO	1,492
LSU HSC S	1,130
Total	8,299

Language in HB1 states that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College is authorized to transfer authorized positions from one budget unit to any other budget unit and/or between allocations within any budget unit within higher education subject to the approval of the Board of Regents and notification to the Commissioner of Administration and the Joint Legislative Committee on the Budget within 30 days. Such transfers shall be made to meet an immediate demand for research, instructional, and public service personnel or for direct patient care needs.

Pennington Biomedical Research Center (PBRC) finds that it needs additional T.O. authority for fifty positions. This T.O. transfer to PBRC is technical in nature and does not involve additional personnel. In fact, a comparison of all headcount and full-time equivalent positions at PBRC will show a decrease of one headcount and a decrease of 12.65 FTE from July 5, 2013 to May 30, 2014. This technical adjustment is needed because of miscommunication between the internal processes at PBRC and the compilation of the report provided by LSU A&M to the state Civil Service System on behalf of PBRC. The extract report provided to Civil Service for the purpose of T.O. monitoring includes all positions that are funded with any portion of operating budget funds. However, during the monitoring process, PBRC used internally generated reports as the basis of comparison to the authorized T.O. instead of the Civil Service reports resulting in the discrepancy. PBRC will adjust its internal

processes going forward to monitor their T.O. allocation using the Civil Service reporting methodology. As of this report, the LSU System has in excess of 975 T.O. positions. LSU Health Science Center at Shreveport is amenable to transferring the needed T.O. positions to Pennington.

3. Review of Documents Related to Referenced Matter

The Vice President for Finance and Administration has reviewed all of the relevant materials in regards to this topic.

Attachment:

- I. BA-7 requesting transfer of positions

RECOMMENDATION

The Staff recommends that the Board adopt the resolution set forth below.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the revised distribution of authorized positions for its campuses and institutions, and that said authorization be forwarded to the Board of Regents for its approval and notification to the Joint Legislative Committee on the Budget as required pursuant to House Bill 1 of the 2013 Regular Legislative Session.

BE IT FURTHER RESOLVED that the Board authorizes its President and Chancellor to make such changes or adjustments in the T.O. allocations as are consistent with the authority granted in House Bill 1 and the Constitutional authority of this Board and which he deems to be in the best interests of the Louisiana State University System provided that he give written notice to the Board prior to implementing any such changes or adjustments.



Louisiana State University System
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808

Finance & Administration

225 / 578-8878
225 / 578-5524 fax

June 2, 2014

Mr. Ray Stockstill, Director
Office of Planning & Budget
P. O. Box 94095
Baton Rouge, LA 70804-9095

Dear Mr. Stockstill:

Enclosed is BA-7 no 5 from the LSU System. The purpose of this BA-7 is to transfer 50 TO from LSU Health Science Center in Shreveport to LSU Pennington Biomedical Center

Your favorable consideration of this BA-7 is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Wendy C. Simoneaux".

Wendy C. Simoneaux, CPA, CGFM, CGMA
Associate Vice President for Finance & Administration
Louisiana State University System

**STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF PLANNING AND BUDGET
REQUEST FOR MID-YEAR BUDGET ADJUSTMENT**

DEPARTMENT NAME: Higher Education

AGENCY NAME: LSU Board of Supervisors

SCHEDULE NUMBER: 19-600

SUBMISSION DATE: June 2, 2014

AGENCY BA-7 NUMBER: 5

HEAD OF BUDGET UNIT: Dr. F. King Alexander

TITLE: President

SIGNATURE (Certifies that the information provided is correct and true to the best of your knowledge):

FOR OPB USE ONLY

OPB LOG NUMBER

AGENDA NUMBER

MEANS OF FINANCING OR EXPENDITURE	BUDGETED FY 2013-2014	ADJUSTMENT (+) OR (-)	REVISED FY 2013-2014
GENERAL FUND BY:			
DIRECT	\$185,987,445	\$0	\$185,987,445
INTERAGENCY TRANSFERS	\$104,227,673	\$0	\$104,227,673
FEES & SELF-GENERATED	\$543,965,675	\$0	\$543,965,675
STATUTORY DEDICATIONS	\$192,813,105	\$0	\$192,813,105
INTERIM EMERGENCY BOARD	\$0	\$0	\$0
FEDERAL	\$30,659,492	\$0	\$30,659,492
TOTAL	\$1,057,653,390	\$0	\$1,057,653,390

PROGRAM EXPENDITURES	DOLLARS	POS	DOLLARS	POS	DOLLARS	POS
PROGRAM NAME:						
LSU Board of Supervisors	\$3,495,054	15			\$3,495,054	15
LSU	\$453,333,882	3,773			\$453,333,882	3,773
LSU at Alexandria	\$16,262,900	223			\$16,262,900	223
LSU at Eunice	\$12,793,598	177			\$12,793,598	177
LSU in Shreveport	\$29,101,928	292			\$29,101,928	292
Paul M. Hebert Law Center	\$24,145,145	110			\$24,145,145	110
Pennington Biomedical Research Center	\$14,275,607	183		50	\$14,275,607	233
LSU Health Sciences Ctr-N.O.	\$170,177,707	1,492			\$170,177,707	1,492
LSU Health Sciences Ctr-Shreve.	\$213,907,521	1,130		(50)	\$213,907,521	1,080
LSU HSC-Shreveport-E.A.Conway	\$18,293,582	0			\$18,293,582	0
LSU HSC-Shreveport - HPL	\$11,535,382	0			\$11,535,382	0
LSU Agricultural Center	\$90,331,084	904			\$90,331,084	904
Unalloted	\$0	0			\$0	0
TOTAL	\$1,057,653,390	8,299	\$0	0	\$1,057,653,390	8,299

Policy and Procedure Memorandum No. 52, Revised, requires that all Request for Changes in Appropriation be fully documented. At a minimum, the following questions and statements must be answered. Use Continuation Sheets as needed. **FAILURE TO ANSWER ALL QUESTIONS COMPLETELY WILL BE CAUSE TO RETURN THIS DOCUMENT WITHOUT ACTION.**

1. What is the source of funding (if other than General Fund (Direct))? Specifically identify any grant or public law and the purposes of the funds, if applicable. A copy of any grant application and the notice of approved grant or appropriation must accompany the BA-7. What are the expenditure restrictions of the funds?

TO transfer 50 TO from LSU Health Science Center in Shreveport to Pennington Biomedical Research Center Pursuant to HB 1 to meet demand for research personnel.

2. Enter the financial impact of the requested adjustment for the current year and the next four fiscal years.

MEANS OF FINANCING OR EXPENDITURE	CURRENT YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4
GENERAL FUND BY:					
DIRECT					
INTERAGENCY TRANSFERS					
FEES & SELF-GENERATED					
STATUTORY DEDICATIONS					
INTERIM EMERGENCY BOARD					
FEDERAL					
TOTAL	\$0	\$0	\$0	\$0	\$0

3. If this action requires additional personnel, provide a detailed explanation below:

4. Explain why this request can't be postponed for consideration in the agency's budget request for next fiscal year.

Pursuant to management of LSU System TO, this BA-7 must be approved to properly align TO within the various entities of the system.

5. Is this an after the fact BA-7, e.g.; have expenditures been made toward the program this BA-7 is for? If yes, explain per PPM No.52.

TO is allowed pursuant to HB1 to be managed within the system with notification to DOA and the JLCB.

PERFORMANCE IMPACT OF MID-YEAR BUDGET ADJUSTMENT

1. Identify and explain the programmatic impact (positive or negative) that will result from the approval of this BA-7.

This BA-7 is just a technical adjustment to properly align the TO needed per entity.

2. Complete the following information for each objective and related performance indicators that will be affected by this request. *(Note: Requested adjustments may involve revisions to existing objectives and performance indicators or creation of new objectives and performance indicators. Repeat this portion of the request form as often as necessary.)*

OBJECTIVE: N/A

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE STANDARD		
		CURRENT FY ____ - ____	ADJUSTMENT (+) OR (-)	REVISED FY ____ - ____

JUSTIFICATION FOR ADJUSTMENT(S): Explain the necessity of the adjustment(s).

3. Briefly explain any performance impacts other than or in addition to effects on objectives and performance indicators. *(For example: Are there any anticipated direct or indirect effects on program management or service recipients? Will this BA-7 have a positive or negative impact on some other program or agency?)*

N/A

4. If there are no performance impacts associated with this BA-7 request, then fully explain this lack of performance impact.

N/A

5. Describe the performance impacts of failure to approve this BA-7. *(Be specific. Relate performance impacts to objectives and performance indicators.)*

This BA-7 is needed to comply with the requirements on TO placed in House Bill 1.

PROGRAM LEVEL REQUEST FOR MID-YEAR BUDGET ADJUSTMENT

AGENCY NAME: LSU Board of Supervisors

DATE PREPARED: June 2, 2014

PROGRAM NAME: LSU System institutions

AGENCY BA-7 NUMBER: 5

MEANS OF FINANCING:	CURRENT EOB	REQUESTED ADJUSTMENT	REVISED EOB	BUDGET PROJECTIONS			
				YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR
GENERAL FUND BY:							
Direct	185,987,445		185,987,445				
Interagency Transfers	104,227,673		104,227,673				
Fees & Self-Generated	543,965,675		543,965,675				
Statutory Dedications	192,813,105		192,813,105				
Interim Emergency Board	0		0				
FEDERAL FUNDS	30,659,492		30,659,492				
TOTAL MOF	\$1,057,653,390		\$1,057,653,390	\$0	\$0	\$0	\$0
EXPENDITURES:							
Salaries	504,319,311		504,319,311				
Other Compensation	38,647,468		38,647,468				
Related Benefits	201,953,712		201,953,712				
Travel	4,961,880		4,961,880				
Operating Services	85,563,616		85,563,616				
Supplies	68,801,394		68,801,394				
Professional Services	13,468,993		13,468,993				
Other Charges	86,276,388		86,276,388				
Debt Services	73,808		73,808				
Interagency Transfers	38,921,424		38,921,424				
Acquisitions	11,361,074		11,361,074				
Major Repairs	1,173,215		1,173,215				
UNALLOTTED	2,131,107		2,131,107				
TOTAL EXPENDITURES	\$1,057,653,390	\$0	\$1,057,653,390	\$0	\$0	\$0	\$0
OVER (OR UNDER)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
POSITIONS							
Classified			0				
Unclassified	8,299	0	8,299				
TOTAL POSITIONS	8,299	0	8,299	0	0	0	0

QUESTIONNAIRE ANALYSIS

(Please reference question numbers, provide detailed information and use continuation sheets as needed.)

GENERAL PURPOSE

This BA-7 moves 50 table of organization positions from LSU Health Science Center Shreveport to Pennington Biomedical Center pursuant to House Bill 1 to meet demand for research personnel.

REVENUES

No effect on revenues.

EXPENDITURES

No effect on expenditures.

OTHER

Fiscal Contact: Daniel T. Layzell 578-3386 and Wendy Simoneaux 578-8878

BA-7 SUPPORT INFORMATION

Page _____



Recommendation to Approve the FY 2014-2015 Expenditure of Carroll W. Feist Legacy Funds for the LSU Health Sciences Center – Shreveport Feist Weiller Cancer Center and to Make a Determination of Acceptable University Purpose

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to paragraph D. of Article VII, Section 8 of the Board Bylaws, the following is provided:

1. Significant Board Matter

This matter is a "significant board matter" pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D.1. Any matter having a significant fiscal (primary or secondary) or long term educational or policy impact on the System or any of its campuses or divisions.

The requested action is also required by the terms of a court order and agreement, and the Uniform Affiliation Agreement for Foundations and support organizations.

2. Summary of the Matter

The Feist-Weiller Cancer Center (FWCC) is an administrative component of the LSU Health Sciences Center – Shreveport (LSUHSC – S). LSUHSC – S requests Board of Supervisors approval for expenditure of \$3,879,000 in Carroll W. Feist (CFeist) Legacy funds.

The Carroll W. Feist Legacy Account was established from the bequest of Carroll W. Feist to support cancer research at the Cancer Center. As stipulated in the Second Addendum to the Affiliation Agreement between the LSU Board of Supervisors and the LSU Health Sciences Foundation in Shreveport, a budget is required for the expenditure of Legacy Account funds with the budget to be initially approved by the LSU HSC – S Chancellor and then approved by the LSU System President. The matter is before the Board in accordance with the Second Addendum and related court order, which requires budget requests in excess of \$1,000,000 (one million dollars) to have Board of Supervisors review and approval.

The campus suggests that the requested expenditure of funds will help strategic initiatives of the Cancer Center in the area of Translational Research, Clinical Research, and Cancer Control and Prevention. In particular, requests for Intramural Grant Support, Research Infrastructure, and enhanced support for clinical research appear as well as funding for expansion of space/equipment for patient related research efforts.

Pursuant to the Uniform Affiliation Agreement actions taken, particularly those involving transactions in the nature of capital expenditures must be found to have a university, rather than foundation, purpose.

3. Review of Business Plan

The total budget request is for \$3,879,000. The requested funds would be drawn from CFeist Legacy earnings during FY 2014-15 and would not require any additional State General Fund Support above the current levels. In addition, the CFeist principal would remain intact.

A summary of the Budget Request follows with more detailed information included as Attachment I.

Programs in Translational Research:	\$364,000
Innovative North Louisiana Experimental Therapeutics (INLET)	\$184,000
Developmental Therapeutics	\$ 40,000
Gene Expression/DNA Repair Focus Group (GEDRFG)	\$ 25,000
Hormone Related Cancer Focus Group (HRCFG)	\$ 40,000
Viral Oncology Program	\$ 25,000
Upper Aerodigestive Focus Group (UAFG)	\$ 25,000
New Program Development	\$ 25,000
Intramural Grad Fellowship Stipend and Bridging Grant Support:	\$390,000
Visiting Scientist Program	\$ 100,000
Program Infrastructure:	\$775,000
Infrastructure Expansion	\$100,000
Cancer Clinical Trials Research Core	\$375,000
Equipment Maintenance and Replacement	\$100,000
Faculty and Trainee Research Support	\$200,000
Seed Packages:	\$700,000
Dr. Jason Bodily (year 4 of 4)	\$ 50,000
Dr. Rodney Shackelford (year 2 of 3)	\$ 50,000
Dr. Hazem El-Osta (year 2 of 3)	\$150,000
New recruitment packages	\$450,000
Cancer Genome Sequencing Core Research Lab:	\$200,000
Expansion of the LSU Hospital Cancer Program:	\$500,000
Bioinformatics and Health Information Technology Research Facility:	\$250,000
Mini Grants (supplies only \$5K - \$10K)	\$ 50,000
Student Internship Programs (\$5K @ 10)	\$ 50,000
Special Seed Package Request: ENT	\$500,000
Total Budget Requested	<u>\$3,879,000</u>

4. Review of Documents Related to Referenced Matter

As noted in a March 2009 memorandum from the LSU System Office of General Counsel to the FWCC:

“Carroll Feist’s will left a generous donation for the benefit of the cancer center, but the identification of the specific entity (LSU or the Foundation) to which he intended to donate the funds was not clearly established. To responsibly resolve issues which may have been raised by this vagueness, LSU and the HSC – S Foundation entered into a Second Addendum to the original Affiliation Agreement to establish the control over those funds and the procedures which would be followed to use those funds for the benefit of the cancer center. The central goal was to maintain the level of responsibility and accountability that should reasonably be expected of state funds, were they deemed to be that, and, at the

same time, reasonable flexibility of the funds by the use of a non-state LSU-affiliated foundation.”

The memorandum further mentioned that the Second Addendum is clear on the process to be followed for approval of budgets and major purchases. Paragraph 9 provides that the Foundation “may spend income of the CFeist Legacy Account up to a cumulative maximum in any one fiscal year, of \$1,000,000.00 with the prior approval of the Chancellor of LSUHSC-S and the President of the LSU System, which approval shall be deemed to have been given by the President if spent pursuant to a budget which has received the prior approval of the President. **Expenditures of income in excess of \$1,000,000.00 in any one fiscal year require the consent of the LSU Board of Supervisors”.**

5. Other

The competitive process for expending funds for goods and services in excess of \$25,000 as required in Paragraph 7 of the Second Affiliation agreement was approved by Board action on October 27, 2006. The process provides for a streamlined approach for acquisitions requiring only written bids or RFPs.

Attachment:

- (l) Letter from Dr. Glen Mills, Director of the Cancer Center with approvals from Chancellor Barish, LSU HSC S and Chairperson Rita Hummingbird, LSU Health Sciences Foundation in Shreveport

RECOMMENDATION(s)

It is recommended that the Board consider the resolution set forth below.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby (a) approve the budget request of \$3,879,000 as reflected in Attachment I from the CFeist Legacy Account for the benefit of the Feist Weiller Cancer Center programs at the LSU Health Sciences Center – Shreveport and (b) that the Board determines that the use of those funds constitute an appropriate and acceptable university purpose.



Feist-Weiller Cancer Center
LSU Health Sciences-Shreveport

05/10/14

To: Robert A. Barish, MD 
 Chancellor, LSUHSC-Shreveport

From: Glenn M. Mills, MD 
 Director, Feist-Weiller Cancer Center

Re: Annual budget request from Carroll W. Feist Legacy funds for FY 2014-2015

The Carroll W. Feist Legacy Account was established from the bequest of Carroll W. Feist to support cancer research at the Feist-Weiller Cancer Center at LSUHSC in Shreveport. As stipulated in the Second Addendum to the Affiliation Agreement between the LSU Board of Supervisors and the LSU Health Sciences Foundation in Shreveport a budget is required for the expenditure of Legacy Account funds with the budget to be approved by the Chancellor of LSUHSC in Shreveport and the President of the Louisiana State University.

The following is our budget request for the fiscal year 2014-2015

The budget request will provide support for the Programs in Translational Research; Clinical Research; and Cancer Control and prevention. Included will be requests for Intramural Grant Support, FWCC Research Infrastructure including enhanced support for clinical research needs and expansion of space/equipment for patient related research efforts. A detailed explanation of the budget items follows the budget summary.

Summary of Budget Request

1. Programs in Translational Research	\$364,000
INLET:	\$184,000
Developmental therapeutics:	\$40,000
GEDFRG:	\$25,000
HRCFG:	\$40,000
Viral Oncology:	\$25,000
UACFG	\$25,000
New Program Development:	\$25,000
2. Intramural Grad Fellowship Stipend and Bridging Grant Support:	\$390,000
3. Visiting Scientist program	\$100,000
4. Infrastructure:	\$775,000
Cancer Clinical trials research core	\$375,000
Equipment maintenance and replacement	\$100,000
Faculty and Trainee research support	\$200,000
Infrastructure expansion	\$100,000

5. Seed Packages	\$700,000
Dr. Jason Bodily (year 4 of 4)	\$50,000
Dr. Rodney Shackelford (year 2 of 3)	\$50,000
Dr. Hazem El-Osta (year 2 of 3)	\$150,000
New Recruitment Packages	\$450,000
6. Cancer Genome Sequencing Core Research Lab:	\$200,000
7. Expansion of the LSU Hospital cancer research program:	\$500,000
8. Bioinformatics and HIT Core Research Facility:	\$250,000
9. Mini Grants (supplies only \$5K-\$10K)	\$ 50,000
10. Student Internship Programs (\$5K @ 10)	\$ 50,000
11. Special Seed package request: ENT	\$500,000
<u>Total Budget Requested:</u>	\$3,879,000

Details of Budget Request

1. PROGRAMS FOR BASIC AND TRANSLATIONAL RESEARCH – BUDGET REQUEST \$364,000

The Cancer Center has three Research Divisions: Basic and Translational Cancer Research, Clinical Cancer Research, and Cancer Control and Prevention. Within the Division of Basic and Translational Cancer Research there are three Programs: Tumor Virology, Cancer Cell Biology, and Translational Cancer Research. In the Cancer Cell Biology Program, we have three focus groups named the Gene Expression and DNA Repair Focus Group (GEDFRG) under the direction of Dr. David Gross, Viral Oncology group under the direction of Dr. Lindsey Hutt-Fletcher and the Developmental Therapeutics group under the direction of Dr. James Cardelli. Within the Program in Translational Cancer Research there are two focus groups that comprise a mix of basic and clinical scientists who apply their combined skills to do research directly applicable to clinical cancer problems. These focus groups are the Breast Cancer Focus Group (BCFG) under the direction of Dr. Ben Li, and the Upper Aerodigestive Cancer Focus Group (UADCFG) under the direction of Dr. Cherie-Ann Nathan. Much of the research of these focus groups is aided by the Innovative North Louisiana Experimental Therapeutics Program (INLET), established by the FWCC to facilitate cancer drug discovery and development directed by Dr. Jim Cardelli.

A. Support for the Innovative North Louisiana Experimental Therapeutics (INLET) Program (INLET): Request \$184,000

The Feist-Weiller Cancer Center's (FWCC) **INLET PROGRAM**, consists of a multi-institutional partnership between Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S) and a variety of other Louisiana Universities and centers, including Louisiana State University Shreveport (LSUS), University of Louisiana at Monroe (ULM), Louisiana University of Technology (LaTech), University of New Orleans (UNO), Louisiana State University Health Science Center in New Orleans (LSUHSC-NO) and the Pennington Biomedical Research Center in Baton Rouge. INLET has also partnered with the Southern Research Institute (SRI), a not-for-profit scientific research organization in Birmingham, Alabama, who has a history of the development, patenting and use of a wide assortment of drugs.

The primary mission of INLET is focused on drug repurposing. The goal of INLET is to discover and utilize drugs that are used to treat one human disease and reposition them to treat other diseases in humans including (but not limited to): cancer, diabetes, fungal infection and neurological disorders. The INLET mission also involves: 1) aiding researchers in acquiring federal grants involving drug discovery, 2) discovering, developing and commercializing drugs to treat human disease and 3) subsequently increasing economic development primarily along the I-20 corridor.

Repositioning drugs is a timely, cost effective trend in drug development, which can ultimately lead to new patents to replace expired ones, as well as lowering time to market, risks and investment costs necessary to commercialize a drug to treat a new indication. Each INLET partner brings a unique skill set which drives INLET'S progress. These skills include business plan development (LSU-S), medicinal chemistry (ULM, UNO, SRI), toxicology (ULM, SRI), nanotechnology (LaTech) and drug formulation approaches (ULM, SRI). INLET at LSUHSC-S is focused on drug screening assay development, drug screening, drug design and delivery, and a variety of *in vitro* and *in vivo* models of cancer. The INLET drug screening center is equipped with liquid handlers, robotic screening devices and high content, real time screening/assay platforms not found anywhere in the state (Cellomics and the Essen Bioscience Incucyte). We also have a number of proprietary and reposition compound libraries available for screening. Research performed by INLET is supported primarily by the FWCC, Federal grant-based funds, contracts and company-sponsored research funds. INLET is also developing ties with business experts and pharmaceutical companies to aid in discovering and moving drugs from the discovery phase through commercialization. The long-range goals of the INLET are to generate a self-sustaining revenue stream and to foster translational research throughout Louisiana.

Currently the INLET program has 12 active projects primarily in Cancer but also in development of anti-fungals, antibacterials, neurological agents and agents that target diabetes. Since 2010, INLET has aided Investigators in acquiring grant funding for 8 grants totaling about \$3M with an additional \$3M pending for another 5 grants. The Director of INLET, DR. James A. Cardelli is P.I. on 3 proposals, co P.I. on 5 proposals and INLET receives money for work done for all the remaining grants. This money has helped to reduce the budget for this year from the FWCC while adding an additional member to the staff since the number of projects we have requires more investigators. This year INLET received its third sponsored research agreement with a new company, one of many we hope to receive in the future. INLET now holds a patent on a drug in both the US and Europe that targets inflammation pathways and may be useful for treatment of metastatic disease. We will out license this technology. We have a number of patents under development both for drug discovery and proprietary assays.

Based on our progress, business plans and increased staff, this year we request a total of \$184,000 to support personnel, travel to meetings, new equipment costs and repair, purchase supplies, purchase drug libraries, purchase computer hardware to store data and underwrite projects with a high probability of leading to extramural funding, licensing possibilities and/or to the commercialization of a treatment that could be used in the clinic.

B. Support for the FWCC Research Programs: Breast Cancer Focus Group, Upper Aerodigestive Focus Group, Gene Expression and DNA Repair and Gene Expression Focus Group, Developmental therapeutics, New program development and the Viral Oncology Program: Request \$180,000

These groups contain scientists from both clinical and basic science departments who have facilitated the development of cancer translational research approaches in a multi-disciplinary fashion. We request **\$180,000** for these groups. These monies will be used to support needs as determined by the focus group leaders.

Developmental therapeutics: Our new Chair of the Department of Biochemistry and Molecular Biology, Dr. Hari Koul will head this research section. He is the Carroll Feist Professor of Cancer Research and serves as the Associate Director of Basic and Translational Research for the FWCC. Dr. Kouls research is centered on a better molecular understanding of prostate cancer and developing new treatments for this disease. Multiple FWCC faculty are investigating the efficacy of natural products as cancer therapeutics and/or chemopreventive agents as well as other new compounds/drugs to fight cancer. For instance, Dr. Cherie-Ann Nathan has been investigating the turmeric spice, curcumin, as an anti-cancer agent in head and neck cancer. Dr. Shile Huang explores the molecular mechanisms by which curcumin works as an anti-cancer agent. Dr. Jim Cardelli, Professor of Microbiology and Immunology, has developed several natural products including several polyphenol agents that appear effective in several pre-clinical and clinical trials. Part of the INLET budget will be used to fund natural product-based research needed to obtain critical preliminary data that can be used to apply for NCI grants and to start clinical trials of these agents.

Hormone Related Cancer Focus Group: The HRCFG is a multidisciplinary group of researchers from the clinical and basic sciences, formed with a common interest in and a desire to tackle the fundamental biological and clinical questions related to prevention and treatment of breast cancer. Dr. Hari Koul will direct this group and lead the efforts to develop focused multi investigator teams to tackle breast and prostate cancer. Dr. Benjamin Li and other clinicians guide the group in terms of clinical importance. Dr. Arrigo De Benedetti researches DNA repair and other enzymes that cause breast cancer to become resistant to chemotherapy/radiotherapy. Koul Laboratory is using a 3-dimensional model system for cancer cell culture to identify factors that cause progression of cancer as potential therapeutic targets. Dr. Koul is looking at targeting AR using new and novel agents. Some of the factors that the group is jointly analyzing include Rad9 and tousel-like kinase (DNA repair), Sirtuins (epigenetics), CXCR4 and ARRDC3 (tumor progression), EGFR, and Nrf2 (antioxidant defense). Finally, the group aims to Identify new molecular targets that may aid in diagnosis and monitor therapeutic

efficacy. In addition new targets may help define new treatment paradigms for Breast and prostate cancer.

Upper Aerodigestive Focus Group (UAFG): Dr. Cherie-Ann Nathan, Professor and head of the Department of ENT, heads this group. The UAFG focuses on combining innovative technologies in the clinic with molecular mechanisms of precancerous changes to further the clinical development of the switch from precancer to cancer of real time cellular visualization of the upper aerodigestive tract. One such technology, the confocal laser-induced endomicroscopy (CLE,) enables *in vivo*, real time visualization of the mucosa at a subcellular resolution of $\approx 1000x$ magnification. The group aims to establish molecular imaging with this technology and determine *in vivo* expression of epidermal growth factor receptor (EGF-R) in the mucosa using probe-based CLE (pCLE) and topically applied FITC-labeled antibodies. The budget requested for this year will be used to enhance this program further.

Viral Oncology Program: Dr. Lindsey Hutt-Fletcher, Professor of Microbiology, heads this group. The viral oncology program focuses on the multifaceted roles that viruses play in initiation and progression of human cancers and in the evolution of the tumor environment. Drs. Rona Scott, Martin Sapp, Jason Bodily, Lindsey Hutt-Fletcher and Cherie-Ann Nathan all explore the synergism between human papillomaviruses and Epstein-Barr virus in the development of head and neck cancers. They will put the spotlight on the growing epidemic of squamous cell carcinomas of the tonsil and base of tongue that is associated with these viruses. Dr. Andrew Yurochko's work on human cytomegalovirus has implications for angiogenesis. Dr. Scott is also helping to establish the new NextGen Sequencing Core that will be applied, amongst other uses, to identification of mutations in tumors of patients being treated at the FWCC. The greatest need for the next year is for stipend support for graduate students who invigorate the group and play an important role in moving research forward.

Gene Expression/DNA Repair Focus Group (GEDRFG): Dr. David Gross, Professor of Biochemistry and Molecular Biology, heads this group. The common thread tying together the Gene Expression/DNA Repair Focus Group is the conviction that chromatin – with its dynamic regulation and virtually limitless epigenetic complexity – significantly impacts upon gene transcription and DNA repair in cancer cells, thereby promoting cellular proliferation, invasiveness and metastasis characteristic of the malignant state. In this regard, two labs (Bodily and Scott) are seeking to understand how human tumor viruses (Epstein-Barr virus and papillomaviruses) induce epigenetic alterations to their own genomes as well as those of host cells. Such epigenetic modifications may regulate the expression of genes central to the viral lifecycle and ultimately, to the oncogenic state of the infected cells. Two other labs (Pruitt and Gross) are investigating the role of chromatin in the regulation of transcription, with particular focus on the Cyp19A1 gene that encodes the protein aromatase which directly contributes to the malignancy of the majority of breast cancers, and on a eukaryotic model of HSF1-regulated genes, whose counterpart in human cancers is driven by a transcriptional program distinct from heat shock to support the highly malignant state. In addition, research into how gene activation occurs in silent heterochromatin may lead to insights into strategies for reactivation of tumor suppressor genes inappropriately silenced by epigenetically marked chromatin. Finally, two labs (De Benedetti and Harrison) are

studying the role of chromatin and epigenetic modification in regulating the repair of double-stranded DNA breaks. Money is requested to support collaborative group research efforts to generate preliminary data for Federal grant Submissions.

New Program Development: This year we are requesting a \$25,000 budget for new program development. As new faculty is recruited and new discoveries are made, new affinity groups form. These dollars will allow funding of these new research affinity groups as they are formed.

2. GRANTS & GRADUATE STUDENT STIPEND - BUDGET REQUEST \$390,000

LSUHSC-S has developed a system of peer-reviewed grants for graduate students working in cancer research laboratories. The FWCC has pledged to contribute to five such grants (\$28,000/grant for a total of \$140,000 this year) for graduate students working in the laboratories of FWCC faculty. In addition, with the cuts in Federal research funding, successful laboratories are having increasing difficulties in supporting research efforts. We will fund bridging grants to help a FWCC faculty bridge to a successful new grant application. These grants will be reviewed and ranked by the LSUHSC-S Research Advisory Committee. The FWCC Research advisory committee will then make the awards based on center needs and ranking. Maximum for any one grant will be \$75,000 a year renewable for up to three years. Two such grants totaling \$150,000 may be awarded in the current year. Currently Dr. Arrigo DeBenedetti is in his first year of funding on a bridging grant. We will also fund Intramural grants for innovative new cancer research ideas. These grants will be for up to \$50,000 for one year. Two such grants are expected in the current year totaling \$100,000. The Research Advisory Committee will review all grants as above.

<u>Five FWCC Graduate Fellowships</u>	\$140,000
<u>Bridging Grants</u>	\$150,000
• Dr. Arrigo DeBenedetti Bridging Grant	\$75,000
• TBD Bridging Grant	\$75,000
<u>Intramural Grants</u>	\$100,000

3. VISITING SCIENTIST PROGRAM – BUDGET REQUEST \$100,000

The FWCC will sponsor a visiting scientist program for this year. Leading scientists in various fields of cancer research will be invited to visit our campus and deliver seminars in their area of expertise. They will also meet with the faculty on an individual basis to facilitate collaboration and growth in knowledge of cancer research processes and to develop collaborative research ideas. Funds will be used for an honorarium, travel expenses and faculty/guest dinner expenses.

16 visitors for a total of \$100,000 (\$5-7,000 per visitor approximately)

4. FWCC INFRASTRUCTURE – BUDGET REQUEST \$775,000

The FWCC has funded entirely or in part various infrastructures vital to the translational and clinical cancer research interests of its faculty. While much of these infrastructures are perpetuated by grants, contracts, and fees some require additional support and we are requesting continuing support at \$775,000 for critical equipment, supplies and staffing needs.

Clinical Research Core facility \$375,000

The FWCC has the largest Clinical Research operation at LSUHSC-S. Changes in IRB and federal regulations have required an expansion of the number of personnel to allow for compliance with the new regulations and to meet the requirements of our ongoing NCI MBCCOP / NCORP grant. Funding will be used to fund salaries of clinical research staff, mandatory training, supplies, equipment (including computers), certification programs and travel to cancer research meetings.

Research Equipment \$100,000

The requested amount will be used to repair and replace old cancer research equipment as needed.

FWCC Faculty and Trainee Research Support \$200,000

FWCC Faculty and Trainee Research Support to include: travel to national meetings to present research results, Visiting professorships other than those listed above, faculty research salary supplements, travel to obtain research training or to be involved in development of new research projects, publication costs, new cancer related research equipment needs and other unforeseen expenses related to cancer research.

Infrastructure Expansion \$100,000

5. SEED PACKAGES – BUDGET REQUEST \$700,000

In order to recruit top notch faculty we must offer seed packages to enable them to establish a research program/laboratory. Seed packages range from \$50,000 – \$500,000 a year depending on the seniority of the faculty and the prior success of their research program. The following are requests for this year.

<u>Dr. Jason Bodily</u> (year 4 of 4)	\$50,000
<u>Dr. Rodney Shackelford</u> (year 2 of 3)	\$50,000
<u>Dr. Hazem El-Osta</u> (year 2 of 3)	\$150,000
<u>Recruitment Packages</u>	\$450,000

6. TUMOR GENOME SEQUENCING LABORATORY – BUDGET REQUEST \$200,000

Cancer care and research is entering a new era – one of **Personalized Oncology**. We now have sequenced the entire human genome. A by-product of this research has been the development of new technology to quickly and relatively cheaply sequence the

entire genome of a patients cancer. We will be able to tell exactly what genetic changes have occurred to cause an individuals cancer. Thus we can rapidly predict what chemotherapy drug or combination of drugs may have benefit in fighting that patient's cancer. This technology will allow us to design clinical research protocols that will specifically target these mutations. As well, we will combine the research results on these cancers with drug screening in the INLET program to find new agents if no current drugs are of benefit. Last budget year we expanded the Next-Generation sequencing equipment, computers and software to run the program, and provided for one Research Technician to process and analyze the specimens and budget for the analysis of 150 cancer samples. As well we added new equipment to analyze cancer DNA in the blood. The equipment was placed in the FWCC core cancer research facility located on the 6th floor of the BRI. Drs. Rodney Shackelford, Robert Chervinak, Hong Yin and Rona Scott will supervise use. The ability to study the whole cancer genome will enhance the research efforts of the FWCC basic research faculty. It will be available free of charge to all faculty of the FWCC for their research needs as well. Other faculty of the university are using this equipment for their research under the research core facility rules and charges. This year we hope to expand use and to enhance data analysis.

The requested amount this year will be used as follows:

- a) Research Technician 3 salary. \$60,000
- b) Research related travel to meetings and training, supplies, computers software, networkable hard drives, equipment maintenance/repair, new equipment, & other unforeseen expenses related to cancer research. \$140,000

7. LSU HOSPITAL CANCER RESEARCH PROGRAM – BUDGET REQUEST 500,000

Currently our inpatient cancer services are spread over a large part of the hospital. In an effort to consolidate our research program and enhance the bone marrow transplantation research program we will renovate the 6th floor of the hospital to move all cancer patients to the same floor. The research offices for the inpatient services will be relocated to this area and the bone marrow transplant research laboratory will be expanded. Our share of construction costs and the purchase of any needed new equipment or furnishings are estimated to be \$400,000. Total cost of the renovations will be \$1.2 million with the medical school and hospital paying the difference. In addition we are requesting \$100,000 to remodel existing laboratory space to expand/relocate the bone marrow transplantation research lab.

8. BIOINFORMATICS AND HEALTH INFORMATION TECHNOLOGY RESEARCH CORE FACILITY – BUDGET REQUESTED = \$250,000

Bioinformatics and Health Information Technology (HIT) are key tools needed in the analysis of cancer information and data both in the modern genomics cancer laboratories (Bioinformatics) and in the analysis of clinical patient data abstracted from the modern Electronic Health Records (HIT). Unfortunately both FWCC and LSUHSC do not have the necessary infrastructure in place to help our basic and clinical researchers conduct these types of analysis. Results of the cancer research in our new Human Tumor Genome Sequencing lab will generate enormous amounts of data

(320GB data per sample). We must develop the expertise to analyze this data. Currently we are partnering with bioinformatics/computer faculty at LSUS to assist us but we will need extra capacity with this project. As well, we have recently implemented the new EPIC EHR in our hospital and at EA Conway hospital. It is vital that we have the capacity to "mine" this data at both centers. This will be important in obtaining data in our current and future clinical research projects, studying cancer trends, care and health related expenses. These funds will be used to establish this new research core in the Cancer Control and Prevention section of the FWCC. Funds will be used to hire new faculty/employees, supplies, computers, travel and other unforeseen expenses.

The requested budget will be used as follows:

a) Salaries	\$225,000
b) Computer servers for data analysis and data storage, computer related supplies, & travel.	\$ 25,000

9. Mini Grants (supplies only \$5K-\$10K) \$ 50,000

We have recently begun a new program of "Mini-Grants". We are encouraging our faculty to explore new cancer research ideas. These small seed grants in the amount of 5-10,000 are meant to cover supply costs to experimentally test these new hypotheses and see if they are worthy of future study.

10. Student Internship Program \$ 50,000

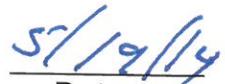
We plan to begin a new "Student Internship" program this summer. We will encourage undergraduate students to apply for these programs to explore cancer research as a future career goal. Awards will cover a small stipend and living expenses for the student.

11. SPECIAL SEED PACKAGE REQUEST (year 3) – BUDGET REUESTED \$500,000

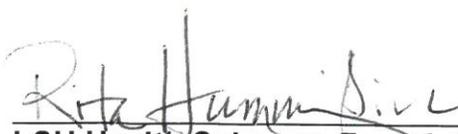
Dr. Cherie-Ann Nathan has been recruited to be the new Chair of the Department of ENT on our campus. The FWCC and the Chancellor have agreed to a seed package of \$500,000 per year for 5 years. This is currently the third year of that package

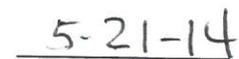
Approved:


 Robert A. Barish, MD, MBA
 Chancellor, LSU Health Sciences Center-Shreveport


 Date

Approved:


 LSU Health Sciences Foundation in Shreveport
 By Rita Hummingbird, Chairman of the Board


 Date

II. PROPERTY AND FACILITIES COMMITTEE

Mr. Rolfe McCollister, Jr., Chairman

1. Request from LSU A&M for approval authorizing Louisiana State University and Agricultural and Mechanical College (the "University") to refund all or a portion of the LSU Board's Auxiliary Revenue Bonds, Series 2006, and preliminary approval authorizing the LSU board to issue its Auxiliary Revenue Refunding Bonds, in one or more series, in an amount not to exceed \$92,000,000.
2. Request from Louisiana State University Eunice to Approve the Amended and Restated Ground Lease Agreement with Eunice Student Housing Foundation, Inc.
3. Request from LSU Health Sciences Center Shreveport to approve a lease agreement for a regional mortuary services facility and to make a determination of acceptable university purpose.

APPROVAL AUTHORIZING LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE (THE “UNIVERSITY”) TO REFUND ALL OR A PORTION OF THE LSU BOARD’S AUXILIARY REVENUE BONDS, SERIES 2006, AND PRELIMINARY APPROVAL AUTHORIZING THE LSU BOARD TO ISSUE ITS AUXILIARY REVENUE REFUNDING BONDS, IN ONE OR MORE SERIES, IN AN AMOUNT NOT TO EXCEED \$92,000,000

TO: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to Article VII, Section 8, D.1 of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a “significant board matter.”

D.1 General Rule: Any matter having a significant fiscal (primary or secondary) or long-term educational or policy matter on the System or any of its campuses or divisions.

1. Summary of Matter

Sections 2181 through 2193 and 3351(A)(4) of Title 17 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 17:2181 through 2193 and 17:3351(A)(4)), Chapters 13, 13A and 14A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and Article VII, Section 6(C) of the Constitution of the State of Louisiana of 1974 (the “Constitution” and, together with the cited statutory authority, the “Act”), and other constitutional and statutory authority, authorize the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the “Board”) to borrow money and to issue bonds and refunding bonds and pledge revenues to guarantee payment thereof in accordance with law and with the approval of the Louisiana State Bond Commission.

Louisiana State University and Agricultural and Mechanical College (the “University”) desires to avail itself of the provisions of the Act and advance refund all or a portion of the Board’s Auxiliary Revenue Bonds, Series 2006 (the “Prior Bonds”), which were issued on August 9, 2006, in the original aggregate principal amount of \$97,095,000, and which are currently outstanding in the amount of \$89,330,000, in order to achieve interest cost savings.

The University expects to return to the Board at a future meeting for a second, final approval of the refunding of the Prior Bonds and to adopt the necessary supplemental bond resolution. It is expected that all necessary governmental approvals, including that of the State Bond Commission, will have been obtained by that time. The University expects to obtain State Bond Commission approval of the issuance of the Bonds in July of this year.

The University is requesting the Board to grant preliminary approval and authorization to representatives of the University, bond counsel and counsel to the Board to proceed with the necessary steps toward the issuance of its Auxiliary Revenue Refunding Bonds, in one or more series, in an aggregate principal amount not to exceed \$92,000,000 (the “Bonds”) to (i) advance refund all or a portion of the Prior Bonds, (ii) fund a reserve fund or pay the premium for a reserve fund insurance policy or surety bond, if necessary, and (iii) pay the costs of issuance of the Bonds, including, but not limited to, the preparation of the hereinafter described Bond Resolution and the preparation and distribution of preliminary and final official statements, if any, related thereto. LSU also desires that the Board authorize the publication of a notice of intention to issue the Bonds, as provided in the Constitution.

This resolution provides for certain general matters relating to the Bonds and the issuance thereof, it being the intent of LSU that the further details of the Bonds (including, without limitation, the maturity, the rate or rates of interest, and any security therefor) in connection with the refunding of the Prior Bonds all be fixed by a Bond Resolution to be adopted by the Board prior to the issuance of the Bonds (the “Bond Resolution”).

The University has selected Raymond James & Associates, Inc. to serve as senior managing underwriter of the Bonds.

The University anticipates that the Bonds will be issued in August 2014.

2. Review of Business Plan

The Pro-Forma Debt Service Coverage Ratio of LSU Auxiliaries was reviewed and this ratio is at an acceptable level (Attachment I).

3. Fiscal Impact

This bond issue will not have any direct fiscal impact on the campus. The Bonds shall be payable solely from and secured by a pledge of the Auxiliary Revenues consisting of revenues derived by the University from certain Auxiliary Enterprises, including, without limitation, athletics, residential life, parking, graphic services, the student union, student health services, and other miscellaneous auxiliaries and certain other revenues that have been dedicated to the payment of bonds.

The financial consequences of this bond issue will have a beneficial impact on the general revenues of the LSU Student Union, Athletics, and Parking & Transportation Services as a result of the interest cost savings accomplished by the refunding of the Prior Bonds, and will not impede their ability to provide the basic services required of the respective departments. Under current market conditions, estimated annual interest savings to LSU is \$170,000.

4. Description of Competitive Process

A competitive process is used to select the sales and underwriting professionals for the bonds. This competitive process, through a formal Request for Proposals, was used for the issuance of the recent Series 2013 Revenue Bonds. The same selected financing team is being utilized for the proposed refunding issue. The underwriting team is Raymond James & Associates, Inc. as Senior Managing Underwriter and Citigroup and RBC Capital Markets as co-managing Underwriters. The Underwriters being used for the proposed refunding have extensive experience with the issuance of the University's debt and direct experience with the issuance of the Prior Bonds.

5. Review of Legal Documents

None.

6. Parties of Interest

None of the parties relevant to the approval of the refunding of the Prior Bonds has any related interest in the refunding, nor will they receive any financial gain from this approval.

7. Related Transactions

None.

8. Conflicts of Interest

None.

Attachments:

- Attachment I – LSU Auxiliaries Pro-Forma Debt Service Coverage Ratio
- Attachment II – LSU Board General Bond Resolution
- Attachment III – Cover Memo from Vice President Layzell to President and Chancellor Alexander

RECOMMENDATION

It is recommended that the LSU Board of Supervisors adopt the following resolution:

WHEREAS, Sections 2181 through 2193 and 3351(A)(4) of Title 17 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 17:2181 through 2193 and 17:3351(A)(4)), Chapters 13, 13A and 14A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and Article VII, Section 6(C) of the Constitution of the State of Louisiana of 1974 (the "Constitution" and, together with the cited statutory authority, the "Act"), and other constitutional and statutory authority, authorize the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "Board") to borrow money and to issue bonds and refunding bonds and pledge revenues to guarantee payment thereof in accordance with law and with the approval of the State Bond Commission; and

WHEREAS, the Board previously adopted on June 17, 1994, its General Bond Resolution (as supplemented and amended from time to time, the "General Bond Resolution") authorizing the issuance from time to time of Auxiliary Revenue Bonds of the Board payable from gross revenues of certain auxiliary enterprises of Louisiana State University and Agricultural and Mechanical College (the "University"); and

WHEREAS, On August 9, 2006, the Board issued its \$97,095,000 Auxiliary Revenue Bonds, Series 2006 (the "Prior Bonds"), of which \$89,330,000 in principal amount is currently outstanding; and

WHEREAS, the University is considering advance refunding all or a portion of the Prior Bonds in order to achieve interest costs savings; and

WHEREAS, the Board desires to avail itself of the provisions of the Act and the General Bond Resolution and to grant preliminary approval and authorization to representatives of the University, bond counsel and counsel to the Board to proceed with the necessary steps toward the issuance of its Auxiliary Revenue Refunding Bonds, in one or more series, in an aggregate principal amount not to exceed \$92,000,000 (the "Bonds") to (i) advance refund all or a portion of the Prior Bonds, if economically feasible, (ii) fund a reserve fund or pay the premium for a reserve fund insurance policy or surety bond, if necessary, and (iii) pay the costs of issuance of the Bonds, including, but not limited to, the preparation of the hereinafter described Bond Resolution and the preparation and distribution of preliminary and final official statements, if any, related thereto; and

WHEREAS, by this resolution, the Board desires to provide for certain general matters relating to the Bonds and the issuance thereof, it being the intent of the Board that the further details of the Bonds (including, without limitation, the maturity dates of the Bonds, the maximum rate or rates of interest payable on the Bonds, and any security therefor) shall be fixed by the General Bond Resolution and the Seventeenth Supplemental Resolution to be adopted by the Board prior to the date of issuance of the Bonds (the "Seventeenth Supplemental Resolution" and, together with the General Bond Resolution, the "Bond Resolution"); and

WHEREAS, prior to the issuance of the Bonds, there shall be submitted to the Board the Seventeenth Supplemental Resolution and the proposed Bonds prepared in connection therewith; and

WHEREAS, the Bonds shall be payable solely from and secured by a pledge of the Auxiliary Revenues, as more particularly defined by the Bond Resolution, consisting of revenues derived by the University from certain Auxiliary Enterprises, including, without limitation, athletics, residential life, parking, graphic services, the student union, student health services, and other miscellaneous auxiliaries and certain other revenues that have been dedicated to the payment of bonds issued pursuant to the Bond Resolution; and

WHEREAS, the Board desires to authorize the publication of a notice of intention to issue the Bonds, as provided in the Constitution; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that:

SECTION 1. The Board hereby grants preliminary approval to the issuance of its Auxiliary Revenue Refunding Bonds, in one or more series (the "Bonds"), in an aggregate principal amount not to exceed \$92,000,000, at a fixed rate or rates not to exceed five percent (5%) per annum and for a term not to exceed 30 years for the purpose of providing funds for the benefit of Louisiana State University and Agricultural and Mechanical College (the "University") to (i) advance refund all or a portion of the Board's Auxiliary Revenue Bonds, Series 2006 (the "Prior Bonds"), if economically feasible, (ii) fund a reserve fund or pay the premium for a reserve fund insurance policy or surety bond, if necessary, and (iii) pay the costs of issuance of the Bonds, subject to the terms and conditions contained herein and in a Bond Resolution, subject to the advice of bond counsel and counsel to the Board, and subject to the required approval of the State Bond Commission (the "Commission").

SECTION 2. The Bonds shall be secured by the Auxiliary Revenues on parity with the Board's outstanding Series 2004 Bonds, Series 2004B Bonds, Series 2005A Bonds, Series 2006 Bonds, if any, remaining outstanding after the Prior Bonds are refunded, Series 2007 Bonds, Series 2008 Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2012 Bonds and Series 2013 Bonds, each as defined in the Bond Resolution.

SECTION 3. The Board hereby authorizes its representatives, including the President and Chancellor of the LSU System, the Vice President for Finance and Administration/CFO and their designees, bond counsel, and counsel to the Board to proceed with the preparation of the Bond Resolution with respect to the Bonds and all documents necessary for the issuance of the Bonds, including, but not limited to the preparation and distribution of preliminary and final official statements, if any, related thereto and to obtain all consents and approvals necessary for the issuance of the Bonds.

SECTION 4. The Board hereby authorizes and approves all matters necessary in connection herewith, subject to advice of bond counsel and counsel to the Board, including, but not limited to the publication of a notice of intention to issue the Bonds as provided in the Constitution, the form of which is attached hereto as Exhibit A.

SECTION 5. The Board hereby formally approves the making of its application to the Louisiana State Bond Commission (the "Commission") requesting that the Commission grant its approval to the issuance of the Bonds, all in accordance with applicable law and the Rules of the Commission. The representatives of the University are hereby directed to furnish to and file with the Commission all documents, materials and information as may be necessary and appropriate in connection with the approval by the Commission of the issuance of the Bonds. A certified copy of this resolution shall be submitted to the Commission by the representatives of the Board or its bond counsel, with a letter requesting the prompt consideration and approval of this application and such letter may set forth and request approval by the Commission of the price at which such bonds may be sold and issued.

SECTION 6. The form of the Notice of Intention to Issue Bonds attached hereto as **Exhibit A** is hereby approved in substantially such form, with such additions, omissions and changes as may be approved by bond counsel to the Board.

SECTION 7. It is hereby recognized, found and determined that a real necessity exists for the employment of bond counsel in connection with the issuance of the Bonds and, accordingly, Adams and Reese LLP, Baton Rouge, Louisiana ("Bond Counsel"), is hereby employed as bond counsel for the Board, pursuant to that certain contract for bond counsel services dated effective October 12, 2011, between Bond Counsel and the Board (the "Bond Counsel Contract"), to do and perform any and all legal work incidental and necessary with respect to the incurring of debt and issuance and sale of the Bonds. Bond Counsel shall prepare and submit to the Board for adoption all of the proceedings incidental to the authorization, issuance, sale and delivery of the Bonds, and shall furnish their opinion covering the legality of the issuance thereof.

The fees to be paid to Bond Counsel with respect to Bonds actually issued, sold, delivered and paid for shall be based upon the then current fee schedule promulgated by the Attorney General of the State of Louisiana (at the time any such bonds are sold) with regard to fees for bond counsel for legal and coordinate professional work performed in connection with the issuance of revenue bonds by state entities. Such fees shall be payable out of the funds derived from the sale of the Bonds or other funds legally appropriated therefor pursuant to the Bond Counsel Contract.

SECTION 8. The Bonds shall not be issued until this Board has approved the execution of all legal documents necessary in connection therewith, including, but not limited to, the Bond Resolution.

SECTION 9. The Chairman, Vice Chairman and Secretary of the Board, the President and Chancellor and the Vice President for Finance and Administration/CFO or any one of them and their designees are hereby authorized to execute all documents, and do all things necessary, on the advice of Bond Counsel and counsel to the Board to effectuate and implement this Resolution.

SECTION 10. By virtue of the Board's application for, and acceptance and utilization of, the benefits of the Louisiana State Bond Commission's approval(s) resolved and set forth herein, (i) it resolves that it understands and agrees that such approval(s) are expressly conditioned upon, and (ii) it further resolves that it understands, agrees and binds itself, its successors and assigns to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, etc." adopted by the Commission on July 20, 2006 as to the borrowing(s) and other matter(s) subject to the approval(s), including subsequent application and approval under said Policy of the implementation or use of any swap(s) or other product(s) or enhancement(s) covered thereby.

EXHIBIT A

NOTICE OF INTENTION TO ISSUE BONDS

Notice is hereby given that, pursuant to a resolution adopted at its meeting of June 20, 2014 (the "Authorizing Resolution"), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "Board") intends to issue its Auxiliary Revenue Refunding Bonds, in one or more series (the "Bonds"), in an aggregate principal amount not to exceed \$92,000,000. The proceeds of the Bonds will be made available to the Board for the benefit of Louisiana State University and Agricultural and Mechanical College ("LSU") to (i) advance refund all or a portion of the Board's Auxiliary Revenue Bonds, Series 2006 to the extent economically feasible, (ii) fund a reserve fund or pay the premium for a reserve fund insurance policy or surety bond, if necessary, and (iii) pay the costs of issuance of the Bonds. The Bonds will be in fully registered form, will be issued in an aggregate principal amount not to exceed \$92,000,000, will mature not later than 30 years from their dated date and will bear interest payable at a fixed rate or rates not to exceed five percent (5%) per annum. The Bonds will not be a general obligation or pledge of the full faith and credit of the State of Louisiana, but will be solely a revenue obligation of the Board payable from Auxiliary Revenues (as defined in a Bond Resolution to be adopted by the Board, hereinafter referred to as the "Bond Resolution"), consisting of Auxiliary Revenues derived by LSU from certain Auxiliary Enterprises, including, without limitation, athletics, residential life, parking, graphic services, the student union, student health services, and other miscellaneous auxiliaries and certain other revenues that have been dedicated and pledged to payment of bonds issued under the Bond Resolution. The Bonds will be secured by the Auxiliary Revenues on a parity with the Board's outstanding (i) Auxiliary Revenue Refunding Bonds, Series 2004 issued in the original aggregate principal amount of \$16,035,000, (ii) Auxiliary Revenue Bonds, Series 2004B issued in the original aggregate principal amount of \$51,885,000, (iii) Auxiliary Revenue and Refunding Bonds, Series 2005A issued in the original aggregate principal amount of \$18,905,000, (iv) Auxiliary Revenue Bonds, Series 2006 issued in the original aggregate principal amount of \$97,095,000 (to the extent not refunded by the Bonds), (v) Auxiliary Revenue Bonds, Series 2007 issued in the original aggregate principal amount of \$71,130,000, (vi) Auxiliary Revenue and Refunding Bonds, Series 2008 issued in the original aggregate principal amount of \$52,815,000, (vii) Auxiliary Revenue and Refunding Bonds, Series 2010A issued in the original aggregate principal amount of \$87,625,000, (viii) Gulf Opportunity Zone Auxiliary Revenue Bonds, Series 2010B issued in the original aggregate principal amount of \$31,250,000, (ix) Auxiliary Revenue Refunding Bonds, Series 2012, issued in the original aggregate principal amount of \$41,615,000 and (x) Auxiliary Revenue Bonds, Series 2013, issued in the original aggregate principal amount of \$101,180,000. Within thirty (30) days after publication of this Notice of Intention, any person in interest may contest the legality of the Authorizing Resolution or the Bond Resolution, any provision of the Bonds to be issued pursuant to the Bond Resolution, the provisions securing the Bonds and the validity of all other provisions and proceedings relating to the authorization and issuance of the Bonds. If no action or proceeding is instituted within the thirty (30) days, no person may contest the validity of the Bonds, the provisions of the Authorizing Resolution or the Bond Resolution, the security of the Bonds or the validity of any other provisions or proceedings relating to their authorization and issuance, and the Bonds shall be presumed conclusively to be legal. Thereafter, no court shall have authority to inquire into such matters. Draft copies of the Bond Resolution are available for inspection at the offices of Dr. Dan Layzell, Vice President for Finance and Administration/CFO, LSU, 330 Thomas Boyd Hall, Baton Rouge, Louisiana 70803-2701.

Pro Forma Debt Service Coverage Rate

The following presentation shows on a pro forma basis the availability of Auxiliary Revenues to satisfy Debt Service Requirements on the series the Series 2004 Bonds, the Series 2004B Bonds, the Series 2005A Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2010A & B Bonds, the 2012 Bonds, and the Series 2013 Bonds:

	<u>2011-12</u>	<u>2012-13</u>
Gross Auxiliary Revenues ¹	\$ 187,247,645	\$200,215,507
Aggregate Maximum Annual Debt Service on Parity Lien Obligations	28,751,310	32,969,763
Pro-Forma Coverage on Total Parity Lien Obligations (x)	6.51	6.07

Source: University

¹ Includes Laboratory School revenues and Recreational Sports Fee revenues.

GENERAL BOND RESOLUTION

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

Adopted on June 17, 1994

**BOARD OF SUPERVISORS
OF
LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE
AUXILIARY REVENUE BONDS**

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The following resolution was offered by _____ and seconded by _____:

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

GENERAL BOND RESOLUTION

A resolution authorizing and providing for the incurring of debt and issuance from time to time of revenue bonds, of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College payable from gross revenues of certain auxiliary enterprises; prescribing the form, fixing the details and conditions of such revenue bonds and providing for the payment of the principal and interest thereon and other matters in connection therewith.

WHEREAS, Sections 2181 through 2193 and 3351(A)(4) of Title 17 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 17:2181 through 2193 and 17:3351(A)(4)) and Article VII, Section 6(C) of the Constitution of the State of Louisiana of 1974 (collectively, the "Act"), and other constitutional and statutory authority, authorize the Board of Supervisors of Louisiana State University and Agriculture and Mechanical College (the "Board") to borrow money and to issue bonds and pledge revenues to guarantee payment thereof in accordance with law and with approval of the State Bond Commission; and

WHEREAS, students and the public at large require access to certain auxiliary facilities operated by certain auxiliary enterprises of the campus of Louisiana State University and Agricultural and Mechanical College located in Baton Rouge, Louisiana (the "University"), and pay certain fees, rates and charges for such use; and

WHEREAS, the Board desires to avail itself of the provisions of the Act and to issue revenue bonds in one or more series in such principal amount as shall be necessary to provide adequate facilities for such auxiliary enterprises of the University or any other purposes as may be allowed by the Act; and

WHEREAS, by this General Bond Resolution, the Board desires to provide for certain general matters relating to said revenue bonds and the first series thereof, it being the intent of the Board that the further details of each series of such revenue bonds shall be fixed by one or more resolutions supplemental hereto;

WHEREAS, the revenue bonds shall be payable solely from and secured by a pledge of such auxiliary revenues produced by certain auxiliary enterprises of the University, as authorized by the Act; and

NOW, THEREFORE, BE IT RESOLVED by the Board that:

ARTICLE I
DEFINITIONS

Section 1.01. *Definitions.* As used herein, the following terms shall have the following meanings, unless the context otherwise requires:

"Accountant" means the Legislative Auditor of the State.

"Accounts" means the accounts created pursuant to Article VII hereof.

"Act" means Sections 2181 through 2193 and 3351(A)(4) of Title 17 (R.S. 17:2181 through 2193 and 17:3351(A)(4)) of the Louisiana Revised Statutes of 1950, as amended, and Article VII, Section 6(C) of the Louisiana Constitution of 1974, as amended.

"Additional Bonds" shall mean Bonds issued pursuant to Section 10.13 hereof.

"Authorized Board Representative" means the Chairman or Vice-Chairman and Secretary or any Assistant Secretary of the Board and any other Person designated in writing to the Trustee by the Chairman or Vice-Chairman of the Board or designated by a resolution of the Board.

"Auxiliary Enterprises" means the departments of the University named in the definition of Auxiliary Facilities.

"Auxiliary Facilities" means the buildings, land, equipment and other properties under the control, operation or supervision of the following Auxiliary Enterprises of the University as the same may be modified from time to time: (1) University Stores, (2) Student Communication Media, (3) LSU Union, (4) Golf Course, (5) Graphic Services, (6) Laboratory School Cafeteria, (7) Parking and Safety Services, (8) Continuing Education Center, (9) Student Health Service, (10) University Press, (11) Athletic Department, (12) Residence Food Services, and (13) Residential Life, provided that (i) in the event Auxiliary Revenue producing activities of any such Auxiliary Enterprise are transferred to another University Enterprise, the portion of the property of such University Enterprise used for such activity shall be deemed to be an Auxiliary Facility hereunder and (ii) Auxiliary Facilities as defined hereby may be modified as set forth in Section 12.02(1) hereof.

"Auxiliary Revenues" means (i) the gross amount of all funds, monies or revenues held by the University and any earnings thereon derived or to be derived by Auxiliary Enterprises from self generated revenues from all fees, rates, rentals, charges or other receipts or income received from students or the public at large in connection with any undertaking, utilization or operation of Auxiliary Enterprises or Auxiliary Facilities, including operation or management thereof by private entities on behalf of the Auxiliary Enterprises, prior to the payment of Current Expenses and (ii) all Funds and Accounts held pursuant to Article VII of this General Bond Resolution or any Supplemental Resolution pertaining to a particular Series of Bonds except any

fund created to hold monies pending rebate to the United States or for payment of costs of issuance of Bonds. Auxiliary Revenues shall not include funds appropriated to the Board by the Legislature of the State from time to time.

"Board" means the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.

"Board Documents" means the certificates, agreements, resolutions or other documents authorized to be executed on behalf of the Board by the Authorized Board Representative pursuant to Section 15.09 hereof.

"Bond" or **"Bonds"** means any bond authorized and issued pursuant to Article II of this General Bond Resolution.

"Bond Counsel" means counsel acceptable to the Trustee and any Credit Facility provider and experienced in matters relating to tax exemption of interest on obligations issued by states and their political subdivisions.

"Bond Fund" means the Fund given that name by Section 7.01 of this General Bond Resolution.

"Bond Obligation" shall mean, as of the date of computation, the principal amount of the Bonds of all Series then Outstanding or, in the case of Bonds on which interest is due only at maturity or prior redemption, the compounded amount (as of the Interest Payment Date next preceding the date of computation).

"Bond Owner" or **"Owner"** or **"Bondholder"** or any similar term, when used with reference to a Bond or Bonds means the registered owner of such Bond.

"Bond Register" means the register of the Bonds kept by the Trustee pursuant to Section 3.05.

"Bond Resolution" means this General Bond Resolution, as amended and supplemented by any Supplemental Resolutions.

"Bond Year" shall have the meaning assigned thereto in any Supplemental Resolution.

"Business Day" means a day which is not (a) a Saturday or Sunday or (b) a legal holiday or a day on which banking institutions are authorized by law to close in either the State of New York or the State.

"Code" means the Internal Revenue Code of 1986 as the same may be amended from time to time.

"Completion Certificate" means the certificate relative to completion of a Project funded by a Series of the Bonds to be delivered by an Authorized Board Representative to the Trustee.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state.

"Credit Enhanced Bonds" means Bonds the principal of and interest on which are secured by the proceeds of an irrevocable letter of credit, surety bond, insurance policy or other Credit Facility or arrangement with a Person other than the Board.

"Credit Facility" means any municipal bond insurance policies, bank guarantees, standby purchase agreements, surety bonds, letters of credit, or other devices securing the payment of the principal of or interest on or the purchase obligation with respect to any Bonds, the purpose of which is to enhance the credit quality of the Bonds.

"Current Expenses" means all necessary and reasonable expenses of maintaining and operating the Auxiliary Facilities, including all necessary heating and cooling costs and other operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incidental to the operation of the Auxiliary Facilities, including the cost of merchandise for resale, services, utilities and personnel and all allocated general administrative expenses of the Board and any fee or charge imposed by the Board on the Auxiliary Enterprises in connection with the issuance of Bonds, but shall exclude depreciation and Costs of Issuance.

"Debt Service Coverage Ratio" means for the period in question the ratio determined by the Associate Vice Chancellor for Business Affairs of the University by dividing funds received by the University as Auxiliary Revenues under clause (i) of the definition of Auxiliary Revenues for such period by maximum annual debt service on Prior Lien Obligations and maximum annual Debt Service Requirements on the Bonds outstanding and maximum annual debt service on Additional Bonds proposed to be issued.

"Debt Service Requirements" means for any particular Fiscal Year and for all Series of the Bonds, an amount equal to the sum of (a) all interest payable during such Fiscal Year on all Outstanding Bonds, plus (b) the Principal Installment of Outstanding Bonds falling due during such Fiscal Year, calculated on the assumption that Outstanding Bonds on the day of calculation cease to be outstanding by reason of payment either upon maturity or by application of any scheduled sinking fund installments as provided for in a Supplemental Resolution. In the case of Variable Rate Debt, with respect to a particular Fiscal Year, the interest rate thereon shall be calculated on the assumption that such Bonds will bear interest during such period at the maximum rate that may be borne by such Variable Rate Debt; provided that, if on such date of calculation the interest rate on such Variable Rate Debt shall then be fixed for a specified period, the interest rate used for such specified period for the purposes of the foregoing calculation shall be such actual interest rate. Such interest and Principal Installments for the Bonds shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation

will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

"Event of Default" means any event designated as such in Section 14.01.

"Fiscal Year" means the twelve month period beginning on July 1 and ending June 30 of each year.

"Funds" means the Funds created pursuant to Article VII.

"General Bond Resolution" shall mean this General Bond Resolution.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States of America, which are noncallable and nonprepayable by the issuer thereof.

"Interest Account" means the Account by that name created pursuant to Article VII.

"Interest Payment Date" means the dates set forth for the payment of interest on Bonds in a Supplemental Resolution.

"Maximum Annual Debt Service Requirements" means, as of the date of calculation, the highest aggregate annual Debt Service Requirements and debt service payable on Prior Lien Obligations and the Bonds during the then current or any succeeding Fiscal Year over the remaining term of the Bonds.

"Net Proceeds," when used with respect to proceeds from any condemnation award or policies of insurance required hereby, means the amount remaining after deducting from such proceeds (i) all expenses (including, without limitation, attorneys' fees and costs) incurred in the collection of such proceeds or award; and (ii) all other fees, expenses and indemnities and payments due to the Trustee.

"No-Arbitrage Certificate" means the certificate by that name and a Tax Regulatory Agreement, if any, to be executed by an Authorized Board Representative relating to the various Series of the Bonds.

"Opinion of Bond Counsel" means an Opinion of Counsel of a Bond Counsel.

"Opinion of Counsel" means an opinion in writing of Counsel acceptable to the Trustee and any applicable Credit Facility provider.

"Outstanding Bonds" or "Bonds Outstanding" or "Outstanding" means all Bonds which have been duly authenticated and delivered by the Trustee under this General Bond Resolution and Supplemental Resolutions, except:

- (a) Bonds cancelled after purchase or because of redemption prior to maturity;
- (b) Bonds deemed paid under Article XIII hereof; and
- (c) Bonds in lieu of or in substitution for which other Bonds have been authenticated under the Bond Resolution.

"Paying Agent" shall mean the Paying Agent designated in the Supplemental Resolution for any Series of the Bonds.

"Permitted Investments" means investments of the Board as may be specified in a Supplemental Resolution or as otherwise may be allowed by law.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PPM-10" means Policy and Procedures Memorandum 10 of the Office of Risk Management in the Office of the Governor of the State.

"Principal Account" means the Account by that name created pursuant to Article VII.

"Principal Installment" means, for any Fiscal Year, as of any date of calculation, and with respect to any Series of Bonds, the principal amount of Outstanding Bonds of such Series which mature or are subject to mandatory redemption and for which no sinking fund installment has been or is required to be made in such Bond Year.

"Principal Payment" means a payment of principal of a Bond at maturity or upon mandatory sinking fund redemption.

"Principal Payment Date," means such dates for payment of principal on a Series of Bonds as shall be so specified in a Supplemental Resolution.

"Prior Lien Obligations" means the principal amount outstanding prior to the adoption of this General Bond Resolution of bonds, notes or other obligations of the Board to the extent that Auxiliary Revenues are obligated to pay debt service thereon as set forth in Exhibit D.

"Project" means a project defined in a Supplemental Resolution.

"Project Costs" means such costs for the funding of a project as defined in a Supplemental Resolution.

"Projection" means projected or forecasted financial statements by the Associate Vice Chancellor for Business Affairs of the University relative to a future period, including balance

sheets as of the end of such period and statements of income and cash flows for such period, accompanied by a statement of the relevant assumptions and rationale upon which the financial statements are based.

"Record Date" means, with respect to an Interest Payment Date, the close of business on the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date whether or not such day is a Business Day.

"Redemption Price" means, when used with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof, plus accrued interest to the redemption date, pursuant to the Bond Resolution.

"Regular Record Date" shall mean, with respect to an Interest Payment Date, the fifteenth calendar day of the month (unless otherwise specified in a Supplemental Resolution) next preceding such Interest Payment Date, whether or not such day is a Business Day.

"Requisition" means the requisition required for the expenditure of funds from the Project Fund as required by Section 7.02 and as set forth in Exhibit C hereto.

"Reserve Fund" means the Fund given that name by Section 7.01.

"Reserve Requirement" means, with respect to the Bonds, an amount equal to the lesser of (i) 100% of the maximum annual principal and interest due on the Bonds, (ii) 10% of the aggregate proceeds of the Bonds or (iii) 125% of the aggregate average annual debt service on the Bonds. For purposes of calculating the Reserve Requirement, variable rate indebtedness shall be assumed to bear interest (1) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer 25 Revenue Bond Index (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus fifty (50) basis points. For purposes of any rate covenant measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period. For all other purposes, including for purposes of the rate covenant and the additional bonds test, variable rate indebtedness shall be assumed to bear interest at the maximum permissible rate.

"Series" means all of the Bonds issued in a simultaneous transaction pursuant to a Supplemental Resolution.

"Series 1994 Bonds" means the first Series of the Bonds to be issued pursuant to the Bond Resolution, as more fully described in Section 2.02 hereof and in a Supplemental Resolution.

"*Sinking Fund Amounts*" has the meaning given such term in any Supplemental Resolution.

"*Sinking Fund Installment*" means

"*Special Record Date*" for the payment of Defaulted Interest (as defined in Section 3.06) means the date fixed pursuant to Section 3.06 hereof.)

"*State*" means the State of Louisiana.

"*Subordinated Debt*" means Bonds, including any payment relating to the Credit Facility, issued by the Board pursuant to and complying with the provisions of Section 2.04.

"*Subordinated Debt Fund*" means the Subordinated Debt Fund established in Section 7.06 hereof.

"*Supplemental Resolution*" shall mean a resolution supplemental hereto adopted pursuant to Article XII hereof.

"*Trustee*" means Hancock Bank of Louisiana, Baton Rouge, Louisiana.

"*University*" or "*LSU*" means Louisiana State University and Agricultural and Mechanical College which is the main Baton Rouge, Louisiana campus under the supervision and management of the Board.

"*University Enterprise*" means an entity that exists to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services, the distinguishing characteristic of which is that it is managed as essentially a self-supporting activity.

"*Variable Rate Debt*" means Bonds not bearing interest throughout their respective terms at a specified rate or rates determined at the time of issuance.

Section 1.02. Rules of Interpretation. The following rules shall apply to the construction of this General Bond Resolution unless the context requires otherwise: (a) the singular includes the plural and the plural, the singular; (b) words importing any gender include the other genders; (c) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute to which reference is made and all regulations promulgated pursuant to such statutes; (d) references to "writing" include printing, photocopying, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; (f) references to the introductory paragraph, preliminary statements, articles, sections (or subdivisions of sections), exhibits, appendices, annexes or

schedules are to those of this General Bond Resolution unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this General Bond Resolution; (h) references to Persons include their respective successors and assigns permitted or not prohibited by the terms of this General Bond Resolution; (i) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles; (j) "or" is not exclusive; (k) provisions apply to successive events and transactions; (l) references to documents or agreements which have been terminated or released or which have expired shall be of no force and effect after such termination, release or expiration; (m) references to mail shall be deemed to refer to first-class, postage prepaid, unless another type of mail is specified; (n) all references to time shall be to Baton Rouge, Louisiana time; (o) references to specific persons, positions or officers shall include those who or which succeed to or perform their respective functions, duties or responsibilities referred to in the Bond proceedings; (p) the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this General Bond Resolution as a whole and not to any particular article, section or subdivision hereof; and the term "heretofore" means before the date of adoption of this General Bond Resolution, the term "now" means at the date of adoption of this General Bond Resolution, and the term "hereafter" means after the date of adoption of this General Bond Resolution; and (q) references to payments of principal include any premium payable on the same date, except that proceeds of the any Credit Facility shall never be used to pay premium.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds. There is hereby established and created under this General Bond Resolution an issue of Bonds of the Board to be known and designated as "Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds," to be issued in one or more Series for the purpose of providing funds for capital improvements to and on behalf of Auxiliary Facilities or for any other purpose as may be permitted by the Act. The Bond Resolution creates a continuing pledge of the Auxiliary Revenues to secure the full and prompt payment of the principal or Redemption Price of and interest on all of the Bonds, subject to Prior Lien Obligations. The Bonds shall be solely an obligation of the Board, payable as to principal, premium, if any, and interest solely from and secured by an irrevocable pledge and dedication of the Auxiliary Revenues. The aggregate principal amount of the Bonds which may be executed, registered and delivered under the Bond Resolution is not limited except and as registered and delivered under the Bond Resolution and as provided herein or as may be limited by the Act. The Bonds, as to principal, interest and premium, if any, shall be payable solely from and be secured solely by the Auxiliary Revenues, which Auxiliary Revenues shall be and hereby are pledged to the punctual payment of such principal, interest and premium, if any, and the security therefor in accordance with the provisions of the Bond Resolution, subject to Prior Lien Obligations.

Section 2.02. Authorization of Bonds in Series; Authorization of the Bonds. (a) The Bonds are hereby authorized to be issued from time to time in one or more Series for the purposes described in Section 2.01, and such Bonds shall be issued pursuant to the applicable terms, details, conditions and limitations established by the Act, and other constitutional and statutory authority supplemental thereto, this General Bond Resolution, and one or more Supplemental Resolutions.

(b) There is hereby authorized to be issued hereunder the first Series of the Bonds, to be designated "Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds, Series 1994," which shall be limited in aggregate principal amount to Thirty Million Dollars (\$30,000,000), which shall mature, bear interest, be the subject of a Credit Facility, be issued for the purposes and be subject to the terms as shall be set forth in a Supplemental Resolution, including the matters set forth in Section 2.03 hereof.

Section 2.03. Provisions for Issuance of Bonds. The issuance of each Series of Bonds shall be authorized by one or more Supplemental Resolutions adopted by the Board.

Each Supplemental Resolution authorizing the issuance of a Series of Bonds shall specify:

(i) the authorized principal amount and Series designation of such Bonds:

- (ii) the purpose or purposes for which such Series is being issued;
- (iii) the dated date and the Principal Payment Dates of the Bonds of such Series;
- (iv) the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, whether interest will be paid periodically or at the maturity of all or a part of the Bonds of such Series, and the Interest Payment Dates therefor;
- (v) such provisions as may be necessary or appropriate to provide for the issuance and administration of the Bonds including, without limitation, amendments to definitions of Debt Service, Principal Installment, Reserve Requirement and definitions for Capital Appreciation Bonds, Capital Appreciation and Interest Bonds, Tender Option Bonds, and provisions relating to derivative products;
- (vi) the denominations of, and the manner of dating, numbering and lettering of the Bonds of such Series;
- (vii) the Paying Agent and the place or places of payment of the Bonds of such Series, or the manner of appointing and designating the same;
- (viii) the redemption prices, if any, and, subject to the provisions of this General Bond Resolution, the redemption terms and notice requirements for the Bonds of such Series;
- (ix) the amount and due date of any mandatory redemption payment, if any, for Bonds of like maturity of such Series;
- (x) if so determined by the Board, provisions of the sale of the Bonds of such Series;
- (xi) the form of the Bonds of such Series;
- (xii) provisions, if any, for the issuance of the Bonds of such Series in "book-entry only" form;
- (xiii) provisions for the funding of the Reserve Fund, if any, or a separate reserve fund with respect to such Series of Bonds, if any;
- (xiv) such provisions as may be necessary or desirable in connection with any Credit Facility to be provided for or with respect to such Series of Bonds; and
- (xv) any other provisions deemed advisable by the Board as shall not conflict with the provisions hereof.

Section 2.04. Subordinated Debt. (a) The Board may, at any time, or from time to time, issue or incur Subordinated Debt, pursuant to the Act, for any of its lawful purposes, payable out of, and which may be secured by a pledge of, such amounts in the Subordinated Debt Fund as may from time to time be available for the purpose of payment thereof; provided, however, that such pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge created by the Bond Resolution as security for Bonds.

(b) The Board may also, at any time or from time to time, issue or incur Subordinated Debt to refund any Subordinated Debt issued as provided in this Section or to refund Outstanding Bonds of one or more Series or one or more maturities within a Series. Such Subordinated Debt issued for refunding purposes may be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Debt Fund as may from time to time be available therefor, provided that any such payment or pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge created under the Bond Resolution as security for Bonds.

(c) The resolution, indenture or other instrument securing or evidencing each issue of Subordinated Debt shall contain provisions (which shall be binding on all holders of such Subordinated Debt) not more favorable to the holders of such Subordinated Debt than the following:

(i) In the event that any issue of Subordinated Debt is declared due and payable before its expressed maturity because of the occurrence of an event of default, the Owners of all Bonds Outstanding at the time such Subordinated Debt so becomes due and payable because of such occurrence of such an event of default shall be entitled to receive payment in full of all principal and interest on all such Bonds before the holders of the Subordinated Debt are entitled to receive any accelerated payment from the Auxiliary Revenues of principal (and premium, if any) or interest upon the Subordinated Debt.

(ii) If any Event of Default with respect to the Bonds shall have occurred and be continuing, the Owners of all Bonds then Outstanding shall be entitled to receive payment in full of all principal and interest on all such Bonds before the owners of the Subordinated Debt are entitled to receive any accelerated payment from the Auxiliary Revenues of principal (and premium, if any) or interest upon the Subordinated Debt.

(iii) The Subordinated Debt may provide that the provisions of (i), (ii), and (iii) above are solely for the purpose of defining the relative rights of the Owners of the Bonds on the one hand, and the owners of Subordinated Debt on the other hand, and that nothing therein shall impair, as between the Board and the owners of the Subordinated Debt, the obligation of the Board, which is unconditional and absolute, to pay the Owners of the Bonds the principal thereof.

and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the owners of the Subordinated Debt from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under (i), (ii) and (iii) above of the Owners of Bonds to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Debt; and the Subordinated Debt may provide that, insofar as a trustee or paying agent for such Subordinated Debt is concerned, the foregoing provisions shall not prevent the application by such paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Debt if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

Any issue of Subordinated Debt may have such rank or priority with respect to any other issue of Subordinated Debt as may be provided in the resolution, indenture or other instrument securing such issue of Subordinated Debt and may contain such other provisions as are not in conflict with the provisions of the Bond Resolution.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. *Principal and Interest Payment Dates.* The principal and interest of the Bonds shall be payable on the Principal Payment Dates and the Interest Payment Dates, respectively, of such Bonds, commencing not more than twelve months after the dated date of such Bonds, unless otherwise specified in a Supplemental Resolution.

Section 3.02. *Legends.* The Bonds of each Series shall be in substantially the form attached hereto as Exhibit A (with such changes as may be provided for in a Supplemental Resolution) and may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this General Bond Resolution as may be necessary or desirable to comply with custom or otherwise as may be determined by the Board prior to delivery thereof, particularly any legend necessary or desirable concerning a Credit Facility applicable to such Bonds.

Section 3.03. *Place and Medium of Payment.* The principal and premium, if any, and the amount to the extent due, if any, of each Bond shall be payable upon maturity or redemption at the principal corporate trust office of the Paying Agent for such Bond in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, upon presentation and surrender thereof. Interest shall be payable by check of the Paying Agent mailed by the Paying Agent to the Owner (determined as of the Regular Record Date) at the address as shown on the books of the Paying Agent. The Board may make provision in any Supplemental Resolution for the payment of the principal, premium, if any, and interest of any Bonds by bank wire transfer or such other method as the Board may deem appropriate.

Section 3.04. *Form of Bonds.* The Bonds of each Series shall be initially issued in fully registered form, however, any Supplemental Resolution may provide for coupon bearer bonds if then permitted by applicable law. The specific form of the Bonds of each Series shall be provided in the applicable Supplemental Resolution. Until definitive Bonds are ready for delivery, the Board may execute and the Paying Agent shall then authenticate and deliver temporary Bonds. Temporary Bonds shall be substantially in the form of definitive Bonds but may have variations that the Board considers appropriate for temporary Bonds. Without unreasonable delay, the Board shall prepare, execute and deliver to the Paying Agent definitive Bonds. The temporary Bonds may then be exchanged for definitive Bonds pursuant to Section 3.05.

Section 3.05. *Exchange of Bonds; Persons Treated as Owners.* The Board shall cause books for the registration and for the registration of transfer of the Bonds as provided in this General Bond Resolution to be kept by the Paying Agent for such Series at the principal corporate trust office of such Paying Agent, such Paying Agent shall also be the Bond Registrar

for such Series, and such Series may be transferred and assigned only upon the registration books maintained by such Paying Agent.

Upon surrender for registration of transfer of any Bond, the Paying Agent shall register and deliver in the name of the transferee or transferees one or more new fully registered Bonds of authorized denomination of the same Series and maturity and like aggregate principal amount. At the option of an Owner, Bonds may be exchanged for other Bonds of authorized denominations of the same Series and maturity and like aggregate principal upon surrender at such office. Whenever any Bonds are so surrendered for exchange, the Paying Agent shall register and deliver in exchange thereof the Bond or Bonds which the Owner making the exchange shall be entitled to receive after receipt of the Bonds to be transferred in proper form.

All Bonds presented for registration of transfer or exchange shall (if so required by the Board or the Paying Agent) be accompanied by a written instrument or instruments of transfer in form and with a guaranty of signature satisfactory to Paying Agent, duly executed by the Owner or by such Owner's duly authorized attorney.

No charge shall be made to the Owner for any exchange or transfer of Bonds, but the Paying Agent may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Board and the Paying Agent shall not be required to issue, register the transfer of or exchange (a) any Bonds during a period beginning at the opening of business on the Regular Record Date and ending at the close of business on the Interest Payment Date or (b) any Bond called for redemption prior to maturity during a period beginning on the opening of business fifteen (15) days before the date of the mailing of notice of redemption of such Bonds and ending on the date of such redemption.

All Bonds delivered upon any registration of transfer or exchange of Bonds shall be valid obligations of the Board, evidencing the same debt and entitled to the same benefits under the Bond Resolution as the Bonds surrendered upon authentication thereof by the Paying Agent.

Prior to due presentment for registration of transfer of any Bond, the Board, the Paying Agent, and any agent of the Board or the Paying Agent may treat the person in whose name any Bond is registered as the absolute owner thereof for all purposes (subject to Section 3.06), whether or not such Bonds shall be overdue, and shall not be bound by any notice to the contrary.

The Board may provide, in a Supplemental Resolution, alternative rules for the exchange and registration of Bonds in order to facilitate the issuance of Bonds in "book-entry only" form.

Section 3.06. *Payment of Interest; Interest Rights Preserved.* Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date

shall be paid to the Owner in whose name that Bond (or one or more predecessor Bonds) is registered on the Regular Record Date for such Interest Payment Date.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date by virtue of having been such Owner; and such Defaulted Interest shall be paid by the Board to the persons in whose names the Bonds (or their respective predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Board shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Board shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the Board of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class, postage prepaid, to each Owner at his address as it appears in the Bond Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid by the Paying Agent to the persons in whose names the Bonds (or their respective predecessor Bonds) are registered on such Special Record Date from moneys so deposited with the Paying Agent on or before the date of payment of Defaulted Interest.

Principal, premium and interest shall be considered paid on the date due if the Paying Agent holds on that date money sufficient to pay all principal, premium and interest then due and such money is available for such payment. Any such money not paid to the Owners to whom it was due on such due date shall be segregated and held by the Paying Agent uninvested and in trust solely for the benefit of such Owners, provided that any such money remaining unclaimed for 6 years after such principal, premium or interest has become due shall be paid to the Board upon the direction of the Board, and such Owners shall thereafter look only to the Board for payment thereof. The Board's obligation to make such payment shall only be from Funds and Accounts and shall not be secured by any pledge of Auxiliary Revenues. However, the Paying Agent, before making any such payment to the Board, may, at the expense of the Board, cause to be published once in a newspaper or financial journal of general circulation in the City of New York, New York, and mailed by first-class mail to the relevant Owner's registered addresses, notice that such money remains unclaimed and that, after a specified date which is at least 30 days from the date of such publication and mailing, such money then will be paid to the Board, and such Owners must then as unsecured creditors look only to the Board's revenues listed in Funds and Accounts for payment.

Subject to the foregoing provisions of this Section, each Bond delivered under the Bond Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

Section 3.07. *Bonds Mutilated, Destroyed, Stolen or Lost.* In case any Bonds shall become mutilated or be improperly cancelled, or be destroyed, stolen or lost, the Paying Agent may register a replacement Bond of the same maturity and of like tenor and principal amount as that mutilated, lost, stolen or destroyed but bearing a number not contemporaneously outstanding. The face of such replacement Bond shall bear the following additional clauses:

"This Bond is issued to replace a lost, cancelled or destroyed Bond under the authority of R.S. 39:971 through 39:974."

In the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Paying Agent, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Board and the Paying Agent evidence of such loss, theft or destruction satisfactory to the Board and the Paying Agent, together with an indemnity bond satisfactory to the Board and the Paying Agent. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Paying Agent, in its discretion, may, instead of issuing a new Bond on behalf of the Board, pay such Bond upon delivery to the Board and the Paying Agent of evidence of such loss, theft or destruction satisfactory to the Board and the Paying Agent. The Board and the Paying Agent may charge the Owner of such Bond their reasonable fees and expenses in this connection. The obligation of the Board with regard to any Bond issued pursuant to this Section shall be identical with its obligation upon the Bonds which it replaces, and the rights of the Owner shall be the same as those conferred by the Bonds which it replaces.

Section 3.08. *Cancellation and Destruction of Bonds.* All Bonds paid or redeemed either at or before maturity shall be delivered to the Paying Agent when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Board, shall thereupon be promptly cancelled by the Paying Agent. All cancelled Bonds shall be destroyed and an affidavit of destruction shall be furnished to the Board at least annually.

Section 3.09. *Execution.* The Bonds shall be executed in the name of and on behalf of the Board by the manual or facsimile signature of the Chairman or the Vice-Chairman of the Board and countersigned or attested by the manual or facsimile signature of the Secretary of the Board, and the corporate seal of the Board (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. If any officer whose manual or facsimile signature appears on any Bond ceases to be such officer before the delivery of such Bonds, such signature nevertheless shall be valid and sufficient for all purposes as if he had remained in office until such delivery except as provided in La. R.S. 39:3972 regarding lost, destroyed and improperly cancelled Bonds. Any Bond of a Series may be signed and sealed on behalf of the Board by such persons as at the actual time of the execution of such Bonds shall be duly authorized or hold the proper office in the Board, although at the date of the Bonds of such Series such person may not have been so authorized to have held such office. Said officers

shall, by the execution of the Bonds, adopt as and for their own proper signatures their respective facsimile signatures appearing on the Bonds, and the Board may adopt and use for that purpose the facsimile signature of any person or persons who shall have been such officer at any time on or after the date of such Bonds, notwithstanding that at the date of such Bonds such person may not have held such office or that at the time when such Bonds shall be delivered such person may have ceased to hold such office.

Section 3.10. Authentication. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under the Bond Resolution unless and until a certificate of authentication on such Bond substantially in the form set forth in Exhibit A hereto or in the applicable Supplemental Resolution shall have been duly executed by the Paying Agent for such Series, and such executed certificate of the Paying Agent upon any such Bond shall be conclusive evidence that such Bonds has been executed, registered and delivered under the Bond Resolution.

ARTICLE IV

APPLICATION OF PROCEEDS

Section 4.01. *Application of Bond Proceeds and Accrued Interest.* The proceeds of sale of the Bonds of each Series and the amount, if any, received as accrued interest shall be applied in the manner and for the purposes provided herein and in the Supplemental Resolution for each Series of the Bonds.

ARTICLE V

REDEMPTION OF BONDS

Section 5.01. *Privilege of Redemption and Redemption Price.* Bonds subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in this Article) as may be specified in a Supplemental Resolution.

Section 5.02. *Notice of Redemption.* Notice of any such redemption shall be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than 30 days and not more than 60 days prior to the date fixed for redemption, or such other date as may be specified by Supplemental Resolution, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. All notices of redemption shall state (i) the redemption date; (ii) the redemption price; (iii) in the case of partial redemption, the respective principal amounts of the Bonds to be redeemed; (iv) that on the redemption date the redemption price will become due and payable on each such Bonds and interest thereon will cease to accrue thereon from and after said date; (v) the CUSIP numbers; (vi) the place where such Bonds are to be surrendered for payment; and (vii) any other items which may be necessary or desirable to comply with custom. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner of such Bonds receives the notice. In the event coupon bonds are issued under the terms of the Bond Resolution, notice shall be given by the Trustee prior to the redemption date through publication of an appropriate notice one (1) time in the official journal of the State and in a financial newspaper or journal published in New York, New York, sent by registered mail to the Paying Agent of the Series of Bonds being redeemed, and mailed in the manner provided above, to the Owner of any coupon Bond registered as to principal.

On or before any redemption date the Trustee shall segregate and hold in trust adequate funds in the Bond Fund for the payment of the Bonds or portions thereof called, together with accrued interest thereon to the redemption date, and the Trustee shall transfer such funds to the Paying Agent for the Bonds to be redeemed on or before such redemption date. Upon the giving of notice and the deposit of funds with the Trustee for redemption, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption. No payment shall be made by the Paying Agent upon any Bond or portion thereof called for redemption until such Bond or portion thereof shall have been delivered for payment or cancellation or the Paying Agent shall have received the items required by Section 3.07 hereof with respect to any mutilated, lost, stolen or destroyed Bond.

Upon surrender of any Bond for redemption in part only, the Paying Agent shall register and deliver to the Owner thereof a new Bond or Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Section 5.03. *Payment of Redeemed Bonds.* Notice having been given in the manner provided in Section 5.02, the bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest to the redemption date, shall be held by the Trustee or the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 5.04. *Selection of Bonds to be Redeemed.* The Trustee may select for redemption portions of the principal of Bonds that have denominations larger than \$5,000. Bonds and portions of them it selects shall be in amounts of \$5,000 or integral multiples of \$5,000. Provisions of this General Bond Resolution that apply to Bonds called for redemption also apply to portions of Bonds called for redemption. Upon surrender of a Bond that is redeemed in part, the Board shall execute and the Trustee shall authenticate and deliver to the Owner a new Bond in principal amount equal to the unredeemed portion of the Bond surrendered. In no event shall Bonds be redeemed or cancelled other than in denominations of \$5,000 and integral multiples thereof.

ARTICLE VI

PLEDGE OF AUXILIARY REVENUES

Section 6.01. *Pledge and Payments.* (a) All of the Board's right, title and interest to the Auxiliary Revenues are hereby pledged by the Board for the payment of Debt Service Requirements on the Bonds issued hereunder from time to time (except as provided in Sections 7.07, 11.02 and Article XIII). The pledge of Auxiliary Revenues as provided hereby shall be subject and subordinate to the pledge of Auxiliary Revenues securing Prior Lien Obligations.

(b) Details regarding the dates and amounts of payments due by the Board to the Trustee from Auxiliary Revenues and the deposit thereof in the appropriate Fund or Account shall be as set forth in a Supplemental Resolution. Monies in funds or accounts held by the Board which are derived from Auxiliary Revenue shall remain subject to the pledge set forth in Paragraph (a) above. However, such portions of the Auxiliary Revenues in excess of that needed for the payment of Prior Lien Obligations and for transfer to the Bond Fund or Reserve Fund shall be available to the Board to pay Current Expenses, any Subordinated Debt and for any other lawful purpose of the Board, provided that the pledge of Auxiliary Revenues shall be deemed to be a cumulative pledge in the event collections for any six month period are insufficient to make a required deposit.

Section 6.02. *The Pledge Effected by the Resolution.* (a) The Bonds are special and limited obligations of the board payable solely from the Auxiliary Revenues.

The principal, premium, if any, and interest on the Bonds are payable solely from the Auxiliary Revenues and are not general obligations of the University, the LSU System, the Board, the State or any political subdivision thereof and the faith and credit of the State or the Board is not pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

(b) All Auxiliary Revenues shall immediately be subject to this pledge without any physical delivery thereof or further act, and this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the Board, irrespective of whether such persons have notice thereof.

(c) Nothing contained in this Section 6.02 shall be construed as limiting any authority elsewhere in the Bond Resolution to issue Subordinated Debt.

Section 6.03. *Credits.* The Board shall receive a credit against its obligation to make the payments required by Section 6.01(b) for (i) any transfer from any Project Fund or Rebate Fund to the Interest Account, Principal Account or Reserve Fund, respectively, and (ii) any payments of such amounts made by the Board from funds other than Auxiliary Revenues.

Section 6.04. *Absolute Obligation To Pay Bonds From Auxiliary Revenues.*
Notwithstanding anything in this Article VI and subject only to Prior Lien Obligations, the Board agrees unconditionally to pay, when due, but only from Auxiliary Revenues, all payments of principal of and interest on the Bonds and all other amounts payable hereunder, regardless of whether the deposits under this Article VI have provided sufficient moneys, regardless of any dispute with the Trustee, the provider of any credit facility or any Bondholder, regardless of any right of counterclaim or setoff against the Trustee, any Credit Facility provider or any Bondholder and regardless of any other circumstance foreseen or unforeseen.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.01. *Creation of Funds and Accounts.* There are hereby created the following special trust funds to be held by the Trustee:

(a) Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds Project Fund (the "Project Fund") into which shall be deposited the proceeds of Series of the Bonds or other funds necessary to pay Project Costs as defined in the respective Supplemental Resolutions;

(b) Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds Bond Fund (the "Bond Fund") and a Principal Account and Interest Account therein;

(c) Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds Reserve Fund (the "Reserve Fund");

(d) Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds Subordinated Debt Fund (the "Subordinated Debt Fund").

All moneys and investments deposited with the Trustee in the Funds and Accounts shall be held in trust and applied only in accordance with the Bond Resolution and shall be trust funds for the purpose of the Bond Resolution. The Board may, in any Supplemental Resolution, to the extent not inconsistent with the provisions of this General Bond Resolution, create and establish such additional Funds or Accounts or such sub-Funds or sub-Accounts as it shall determine to be necessary or desirable and may, in such Supplemental Resolution, provide for the pledge, assignment or grant (if any) of such Funds and Accounts not inconsistent with the provisions of Article VI hereof.

Section 7.02. *Project Fund.* (a) The Trustee shall disburse moneys in the Project Fund to or upon the order of the Board from time to time upon receipt by it of a written Requisition in the form of Exhibit C hereto executed by an Authorized Board Representative in order to pay Project Costs.

Amounts in the Project Fund shall also be used with the consent or at the direction of any Credit Facility to pay principal of and interest on the Bonds to the extent no other moneys are available for such purpose in the Funds and Accounts. Amounts in the Project Fund shall be used to make deposits in the Rebate Fund as provided in the No-Arbitrage Certificate.

(b) Upon completion of a Project funded by a Series of the Bonds, an Authorized Board Representative shall deliver a Completion Certificate in the form of Exhibit B to

the Trustee. Any amounts remaining in the Project Fund following the Trustee's receipt of a Completion Certificate shall be transferred to the Interest Account and used to pay interest on the Bonds. The Trustee shall, however, retain in the Project Fund any amounts certified by an Authorized Board Representative to be necessary for payment of Project Costs not then due and payable. Amounts so retained shall be disbursed as provided in subparagraph (a) above or be transferred to the Interest Account of the Bond Fund upon written notice from an Authorized Board Representative that the specified amounts retained in the Project Fund will not be used to pay costs of the Project.

(c) Interest earnings on amounts in the Project Fund shall be transferred to the Board from time to time at its direction.

Section 7.03. Bond Fund. (a) *Interest Account.* Amounts shall be deposited in the Interest Account as necessary to pay accrued interest on the closing and delivery of the Bonds as provided in Article IV and Section 6.01(b). The Trustee shall also deposit in the Interest Account amounts from other sources transferred to it by or on behalf of the Board which the Board directs to be deposited in the Interest Account.

(b) *Principal Account.* Amounts shall be deposited in the Principal Account as provided in Article IV and Sections 6.01(b). The Trustee shall also deposit in the Principal Account amounts from other sources transferred to it by or on behalf of the Board which the Board directs to be deposited in the Principal Account.

(c) The Trustee shall pay out of the Bond Fund to the respective Paying Agents (i) from the Interest Account on or before each Interest Payment Date for any of the Bonds, the amount required for the interest payable on such date; (ii) from the Principal Account on or before each Principal Payment Date, the amount required for the principal or sinking fund payment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. In the case of Variable Rate Bonds, the Board shall furnish or cause to be furnished the Trustee with a certificate setting forth the amount to be paid on such Bonds on each interest payment date, such certificate shall be furnished on or prior to the Regular Record Date with respect to any Interest Payment Date. Such amounts shall be applied by the Paying Agents on and after the due dates thereof.

(d) The amount, if any, deposited in the Bond Fund from the proceeds of each Series of Bonds shall be set aside in the Interest Account and applied to the payment of interest on the Bonds of such Series (or Refunding Bonds issued to refund such Bonds) as the same become due and payable.

(e) In the event of the refunding of any Bonds, the Trustee shall, if the Board so directs, withdraw from the Bond Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service Requirements on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal

or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 13.02. In the event of such refunding, the Board may also direct the Trustee to withdraw from the Bond Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service Requirements on the Bonds being refunded and deposit such amounts in any Fund or Account under the Bond Resolution; provided, however, that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 13.02 and provided, further, that at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Bond Resolution.

(f) Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established with moneys in the Bond Fund, there shall be credited toward each such Sinking Fund Installment thereafter to become due such amounts as may be directed by the Board. The portion of any such Sinking fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

(g) *Earnings.* Interest earnings on amounts in the Bond Fund shall be transferred to the Board from time to time at its direction.

Section 7.04. Reserve Fund. (a) Amounts shall be deposited into the Reserve Fund as provided in Article IV and Section 6.01(b).

(b) Funds on deposit in the Reserve Fund shall be used to make up any deficiencies in the Interest Account and Principal Account (in the order listed) of the Bond Fund. The Trustee shall give immediate telephonic notice, promptly confirmed in writing, to any Credit Facility provider if any such transfer is made. Investments in the Reserve Fund shall be valued as provided in Article IX hereof. If any such valuation reveals that the value of such investments is less than the Reserve Requirement, the Trustee shall immediately notify the Board and any Credit Facility provider of the amount of the deficit.

(c) If an amount is withdrawn from the Reserve Fund in order to make up a deficiency in the Principal Account or Interest Account, the Board will pay amounts to the Trustee from Auxiliary Revenues for deposit to the Reserve Fund which will bring the balance on deposit in the Reserve Fund to no less than the Reserve Requirement no later than the next succeeding January 1 or July 1 as the case may be.

(d) In the event that on any valuation date the amount in the Reserve Fund is less than the Reserve Requirement due to a decline in the market value of the investments in the Reserve Fund, the Board will pay amounts to the Trustee for deposit to the Reserve Fund which will bring the balance on deposit in the Reserve Fund to no less than the Reserve Requirement no later than the next succeeding January 1 or July 1, as the case may be.

(e) Whenever the amount in the Reserve Fund, together with the amount in the Bond Fund is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Reserve Fund shall be transferred to the Bond Fund and shall be available to pay all Outstanding Bonds. Prior to said transfer, all investments held in the Reserve Fund shall be liquidated to the extent necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds.

(f) Earnings on amounts in the Reserve Fund and any excess therein shall be transferred from time to time to the Board at its direction, unless there is a deficiency in the Reserve Fund, in which case earnings remain in the Reserve Fund.

Section 7.05. *Rebate Fund.* The Board shall establish with the Trustee a Rebate Fund for each Series of Bonds to allow compliance with Section 148 of the Code. The Rebate Funds shall be held for the sole benefit of the United States of America and is not subject to the lien of the Bond Resolution. Deposits shall be made into and withdrawals shall be made from the Rebate Fund as provided in the No-Arbitrage Certificates relative to each Series.

Section 7.06. *Subordinated Debt Fund.* (a) The Trustee as directed by the Board shall apply amounts in the Subordinated Debt Fund to the payment of the principal or sinking fund installment of and interest on each issue of Subordinated Debt and reserves therefor, free and clear of the pledge effected by the Bond Resolution, in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the resolution or other debt instrument authorizing each issue of such Subordinated Debt.

(b) Notwithstanding any of the provisions of this Section, if five (5) days prior to any interest payment date with respect to any Series of Bonds the amount on deposit in the Bond Fund shall be less than the amount required to be on deposit in such Fund with respect to such Series and with respect to such interest payment date, upon direction by the Board the Trustee shall forthwith transfer from the Subordinated Debt Fund for deposit in the Bond Fund the amount necessary (or all moneys in said Subordinated Debt Fund if necessary) to make up such deficiency.

(c) If at any time the amount on deposit in the Reserve Fund shall be less than the Reserve Requirement, and the amounts on deposit in the Subordinated Debt Fund are not needed for transfer to the Bond Fund pursuant to subsection (b) above, the Trustee

shall forthwith transfer from the Subordinated Debt Fund for deposit in the Reserve Fund the amount necessary (or all moneys in said Subordinated Debt Fund, if necessary) to make up such deficiency.

Section 7.07. *Disposition of Funds After Payment of Bonds.* After the principal of and interest on all Outstanding Bonds has been paid and all amounts then owing to the Trustee and Credit Facility provider have been paid and the final rebate payment to the United States required by the No-Arbitrage Certificates have been made, any amounts remaining in the Funds and Accounts (other than pursuant to Section 11.02 or Article XIII) shall be paid to the Board upon the written request of an Authorized Board Representative.

Section 7.08. *Moneys Held in Trust.* All moneys held by the Trustee pursuant to the Bond Resolution shall be held by the Trustee in trust for the benefit of the Bondholders and subject to the pledge hereof, except that (i) moneys held for the payment of principal or interest on specific Bonds pursuant to Section 3.01 or Article XIII shall be held in trust solely for the benefit of the Owners of such Bonds. (ii) payments under any Credit Facility shall be held as provided in a Supplemental Resolution. and (iii) amounts in the respective Rebate Funds shall be held for the benefit of the United States.

ARTICLE VIII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 3.01. *Damage and Destruction; Application of Insurance Proceeds.* All policies evidencing insurance required by Section 10.07 hereof shall provide for payment of the losses to the Board; provided that, proceeds of insurance received and/or the amount of any loss that is self-insured with respect of destruction of or damage to any Auxiliary Facility by fire, earthquake or other casualty or event shall be paid in accordance with Policy and Procedure Memorandum 10 and applied as provided in this Section.

If any Auxiliary Facility is damaged by fire or other casualty to an extent that in the opinion of the Board, there is no resulting material impairment of its ability to meet Debt Service Requirements the Board may elect not to rebuild the particular Auxiliary Facility. If, however, in the opinion of the Board there will result a material impairment of its ability to pay Debt Service Requirements, the Board shall elect to either (i) promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property exclusive of land) and as will not impair the operating utility or the revenue producing capability of the particular Auxiliary Facility or the character of the Auxiliary Facility as a public facility, applying for such purpose so much as may be necessary the proceeds of any insurance resulting from claims for such losses; provided the proceeds of any insurance made available to it for such purposes or the requisite additional moneys therefor from other sources are available to the Board; (ii) move the operations of the Auxiliary Enterprise so affected to another Auxiliary Facility or (iii) use its best efforts, to the extent allowed by law and after receiving all necessary approvals, to redeem Bonds prior to maturity.

ARTICLE IX

INVESTMENTS

Section 9.01. General. Any moneys held by the Trustee as part of any Fund or Account created by the General Bond Resolution or any Supplemental Resolution shall be invested and reinvested by the Trustee at the telephonic (promptly confirmed in writing) direction of an Authorized Officer of the Board in Permitted Investments. All such Permitted Investments shall mature or be redeemable or be subject to withdrawal or to repurchase by another entity on a date or dates on or prior to the time when the moneys so invested will be required for expenditure. Amounts in the Rebate Fund shall be invested in Permitted Investments with a maturity of no more than 30 days or in an investment agreement approved by the applicable Credit Facility provider, if allowed by law. Investments purchased with funds on deposit in the Reserve Fund shall have an average aggregate weighted term to maturity not greater than five years. The Trustee shall be relieved of all liability with respect to making investments or reinvestments in accordance with any such directions of an Authorized Officer and any investment losses shall be borne by the Fund or Account in which the lost moneys had been deposited. The Trustee may make any and all such investments through its bond department or through the bond department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so. Moneys in separate Funds or Accounts may be commingled for the purpose of investment or deposit. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective Fund or Account whenever the cash balance therein is insufficient to pay the amount contemplated to be paid therefrom.

Section 9.02. Valuation. In computing the amount in any Fund or Account held under the provisions of the Bond Resolution (except for purposes of complying with the Code), obligations purchased as an investment of moneys therein shall be valued at the cost or market price thereof, whichever is lower, exclusive of accrued interest. Where market prices for obligations held hereunder are not readily available, the market price for such obligations may be determined in such manner as the Trustee deems reasonable. Anything else herein to the contrary notwithstanding, amounts invested under any investment agreement shall be valued at par. Investments (except investment agreements) shall be valued by the Trustee (i) at any time upon written request of any Credit Facility provider and (ii) annually on the last Business Day of each Bond Year. Deficiencies in the amount on deposit in any Fund or Account held under the Bond Resolution, except the Reserve Fund, resulting from a decline in market value shall be restored no later than the succeeding valuation date.

ARTICLE X

GENERAL REPRESENTATIONS AND COVENANTS

Section 10.01. *Authority and Authorization.* The Board makes the following representations to the Trustee and the Owners of Bonds from time to time as the basis for the undertakings on its part herein contained.

(a) The Board is a public constitutional corporation of the State created and existing under the Constitution and laws of the State.

(b) The Board will make a good faith effort to preserve and keep or continue in full force and effect its existence or the existence of any successor as an entity that may issue obligations that are exempt from federal and state income taxation.

(c) The Board is authorized under the Constitution and laws of the State to adopt the Bond Resolution, issue the Bonds, pledge the Auxiliary Revenues, perform the transactions contemplated hereby, and to perform all of its obligations hereunder.

(d) The Board by proper action has duly adopted this General Bond Resolution.

(e) The adoption and delivery of this General Bond Resolution and the consummation of the transactions herein contemplated will not conflict with or constitute a breach of or default under the Board's bylaws or any bond, debenture, note or other evidence of indebtedness, or any contract, agreement or lease to which the Board is a party.

(f) As of the date of adoption of this General Bond Resolution, except as may be set forth in the Official Statement relative to the Series 1994 Bonds, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Board, nor to the best of the knowledge of the Board is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this General Bond Resolution or which, in any way, would adversely affect the validity or enforceability of this General Bond Resolution, or any agreement or instrument to which the Board is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

Section 10.02. *Bond Resolution to Constitute Contract.* In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same from time to time, the provisions of the Bond Resolution shall be a part of the contract of the Board with the Owners of the Bonds and shall be deemed to be and shall constitute a contract between the Board, the Trustee, and the Owners from time to time of the Bonds, and such provisions are covenants and agreements with such Owners which the Bonds hereby determines to be necessary

and desirable for the security and payment thereof. Except for Subordinated Debt, all of the Bonds issued hereunder shall be equally and ratably secured hereunder without priority by reason of Series, number, date of adoption of the Supplemental Resolution providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of issuance, date of delivery or otherwise, and the pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Board shall be for the equal benefit, protection and security of the Owners of any and all of such Bonds, each of which shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Bond Resolution.

Section 10.03. *Payment of Bonds.* The Board shall duly and punctually pay or cause to be paid (but solely from the sources herein provided) the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bond Resolution according to the true intent and meaning thereof.

Section 10.04. *Maintenance and Modification of Auxiliary Facilities.* The Board shall maintain or cause to be maintained the Auxiliary Facilities, and will at its own expense keep the Auxiliary Facilities in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof. The Board may also, at its own expense, make from time to time any additions, modifications or improvements to the Auxiliary Facilities it may deem desirable for its business purposes that do not materially impair the effective use of the Auxiliary Facilities; provided that all such additions, modifications and improvements shall become a part of the Auxiliary Facilities. The Board shall cause the Auxiliary Facilities at all times to be free from all encumbrances that would materially affect the receipt of the Auxiliary Revenues, provided that the Board may in good faith contest any liens filed or established against the Auxiliary Facilities, and, in such event, may permit the items so contested to remain undischarged and unsatisfied during the period of such contest only if the Board obtains an injunction prohibiting, or otherwise prevents, the enforcement of such liens, assessments or other charges and any appeal therefrom, unless by nonpayment of any such items the Auxiliary Revenues would be materially endangered or the Auxiliary Facilities or any part thereof will be subject to loss or forfeiture to such an extent that Auxiliary Revenues are materially adversely affected, in which event the Board shall promptly pay and cause to be satisfied and discharged all such unpaid items or secure such payment by posting a bond or causing a bond to be posted, in form unsatisfactory to the Trustee, with the Trustee.

Section 10.05. *Removal or Closure of Auxiliary Facilities.* The Board shall not be under any obligation to renew, repair or replace any item of inadequate, obsolete, worn out, unsuitable, undesirable, unprofitable or unnecessary equipment or other property not required for the sound operation and maintenance of the physical condition of the Auxiliary Facilities. In any instance where the Board, in its sound discretion, determines that any items of Auxiliary Facilities have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Board may remove such items of Auxiliary Facilities and sell, trade in, exchange, donate, throw away or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Trustee or Bondholders or Credit Facility providers and may close such

Auxiliary Facilities as it deems necessary, provided that the collection of Auxiliary Revenues does not fall below the level required to be maintained pursuant to the provisions of Section 10.17.

Section 10.06. *Taxes and Other Governmental Charges and Utility Charges.* (a) The Board shall pay, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Auxiliary Facilities or the Auxiliary Revenues, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Auxiliary Facilities and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Auxiliary Facilities; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Board shall be obligated to pay only such installments as are required to be paid during the term of this General Bond Resolution.

(b) The Board may in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest unless by nonpayment of any such items the Auxiliary Revenues will be materially endangered or the Auxiliary Facilities or any material part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly or secured by posting a bond, in form satisfactory to the Trustee, with the Trustee. In the event that the Board shall fail to pay any of the foregoing items required by this Section to be paid by the Board or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Trustee shall become an obligation of the Board to the one making the advancement, which amounts, from the date thereof, together (to the extent permitted by law) with interest thereon until paid at a rate of 12% per annum.

Section 10.07. *Insurance Required.* (a) the Board shall secure and maintain or cause to be secured and maintained at its sole cost and expense:

(i) A policy or policies of insurance covering the Auxiliary Facilities against loss or damage by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, which insurance shall be not less than one hundred percent (100%) of the full replacement cost of the Auxiliary Facilities, without deduction for depreciation, but in no event shall the amount of the insurance be at any time less than the full replacement cost of the Auxiliary Facilities, adjusted to comply with any applicable co-insurance provisions of any such insurance policy. If certain Auxiliary Facilities are damaged and the Board

elects not to rebuild or replace, property coverage shall revert to actual cash value of the particular Auxiliary Facility.

(ii) A policy of comprehensive public liability insurance with respect to the Auxiliary Facilities and the operations related thereto, whether conducted on or off the Auxiliary Facilities, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$5,000,000 in combined single limit liability coverage. Such comprehensive public liability insurance shall specifically include, but shall not be limited to, sprinkler leakage and water damage legal liability each with respect to property of third parties.

(iii) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Auxiliary Facilities, in an amount not less than \$15,000,000 with deductible provisions not exceeding \$100,000 per accident. Such boiler and machinery insurance shall specifically include, but shall not be limited to, business interruption insurance.

(iv) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the State or any agency thereof in connection with the particular Auxiliary Facility and to cover full liability for compensation under any such act aforesaid, in an amount not less than \$500,000.

(b) Participation by the Board in the State's Office of Risk Management plan for self insurance shall be deemed to be compliance with the requirements of Section 10.07. Except in the case of self-insurance, all insurance required in this Section and all renewals of such insurance shall be issued by companies authorized to transact business in the State, and rated at least A- Class VIII by Best's Insurance Reports (property liability). All insurance policies provided by the Board shall expressly provide that the policies shall not be canceled or altered without 30 days' prior written notice to the board insurer; and shall, to the extent obtainable, provide that no act or omission of the Board which would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. The Board may satisfy its obligation under this Section by appropriate endorsements of its blanket or excess insurance policies.

If the Board has made a good faith effort to obtain the above required coverages for the specified limits but is unable to secure such coverage levels because of unfavorable insurance market conditions, lower limits may be substituted with the approval of any Credit Facility provider.

(c) The provisions of this Section as to insurance required to be procured and maintained shall not limit or prohibit, or be construed as limiting or prohibiting, the Board from obtaining any other insurance with the permission of the State's Office of Risk Management or as otherwise required by law with respect to the Auxiliary Facilities or the use and occupancy thereof that it may wish to carry, but in the event the Board shall procure or maintain any such insurance not required by this Section, the cost thereof shall be at the expense of the Board.

Section 10.08. *Application of Net Proceeds of Insurance.* The Net Proceeds of any insurance carried pursuant to the provisions of Section 10.07 hereof shall be applied as follows to the extent such application is not inconsistent with PPM-10: (i) the Net Proceeds of insurance, other than liability or workers' compensation insurance, shall be applied as provided in Article VIII hereof and (ii) the Net Proceeds of the liability or worker's compensation insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 10.09. *Additional Provisions Respecting Insurance.* (a) All Net Proceeds of insurance policies evidencing any insurance carried pursuant to the provisions of Section 10.07 hereof (other than liability insurance or workers' compensation insurance) resulting from any claim for loss or damage to the Auxiliary Facilities shall be paid to the Board as required by Article VIII.

(b) All such policies, or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Trustee; and prior to expiration of any such policy, the Board shall furnish the Trustee with evidence satisfactory to the latter that the policy has been renewed or replaced or is no longer required by the Bond Resolution.

(c) In lieu of separate policies, the Board may maintain blanket policies having the same coverage required herein in which event it shall deposit with the Trustee a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Auxiliary Facilities.

Section 10.10. *Inspection of the Auxiliary Facilities.* The Board agrees that any Credit Facility provider and the Trustee, or any of their duly authorized agents, shall have the right at all reasonable times to examine and inspect the Auxiliary Facilities. The Board further agrees that any Credit Facility provider and the Trustee, and their duly authorized agents, shall have reasonable rights of access to the Auxiliary Facilities.

Section 10.11. *Board To Maintain its Existence; Conditions Under Which Exceptions Permitted.* The Board agrees that it will make a good faith effort to maintain its existence or the existence of any successor as an entity that may issue obligations that are exempt from federal and state income taxation, will not dissolve or otherwise dispose of all or substantially all of its assets and unless required by law will not consolidate with or merge into another entity,

provided that the Board may, without violating the agreement contained in this Section, consolidate with or merge into another, or permit the consolidation or merger into another, or permit the consolidation or merger into it, or sell or otherwise transfer to another all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee entity, as the case may be, (i) is an agency, board, department, instrumentality or political subdivision of the State and (ii) irrevocably and unconditionally assumes by means of an instrument in writing or by operation of law all of the obligations of the Board herein.

Section 10.12. *No Superior Pledge.* Except for existing Prior Lien Obligations, the Board shall grant no security interest or lien of any type in the Auxiliary Revenues which is superior to the security interest created by Section 6.01(a) and shall issue no debt or obligation which is to be paid from Auxiliary Revenues prior to payment of principal of and interest on the Bonds and the other payments required hereunder. Except as provided in Section 10.13 hereof, the Board shall grant no security interest or lien or encumbrance of any type on the Auxiliary Revenues which is on a parity with the pledge made by Section 6.01(a).

Section 10.13. *Additional Bonds.* The Board shall issue no bonds, notes or other obligations secured by Auxiliary Revenues except as Subordinated Debt pursuant to Section 2.04 hereof or as Additional Bonds pursuant to this Section. The Board may issue Additional Bonds secured by Auxiliary Revenues which shall be on a parity with the Bonds only as and to the extent authorized and described in a Supplemental Resolution provided that, at the time of issuance thereof, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing, unless such event will be cured upon issuance of such Bonds and either the application of the proceeds thereof or the placing in service of any facilities financed thereby or both. Each of the categories described herein is a separate authorization for Additional Bonds.

(a) Additional Bonds may be issued without the need for prior approval of Bondholders or any Credit Facility provider provided that the Debt Service Coverage Ratio for each of the last two completed Fiscal Years for which the financial statements of the Board have been reported upon by an Accountant, taking into account all Prior Lien Obligations, the Series 1994 Bonds, other Bonds previously issued and the Additional Bonds then proposed to be issued, is not less than 1.75 and an Authorized Board Representative's certificate so certifying and setting forth in sufficient detail the computation thereof is filed with the Trustee and any Credit Facility provider along with the financial statements and report of Accountants thereon if they are not already on file with the Trustee and the Credit Facility providers.

(b) Should the Debt Service Coverage Ratio be less than that required by paragraph (a) above, and Additional Bonds are proposed to be issued to fund improvements, renovations or new construction, such Additional Bonds may be issued if (i) a Projection demonstrates compliance with the Debt Service Coverage Ratio required by paragraph (a) upon completion of the improvements, renovations or new

construction and (ii) the Board shall have received the prior written approval of all Credit Facility providers. Such Projection shall be filed with any Credit Facility provider and the Trustee by an Authorized Board Representative.

(c) Refunding Bonds may be issued.

(d) Subordinated Debt secured by Auxiliary Revenues may be issued as provided in Section 2.04.

Section 10.14. *Keeping of Books; Audit.* The Board shall keep proper books of record and account, in which full and correct entries shall be made of all of its financial transactions, assets and operations in accordance with generally accepted accounting principles consistently applied.

The Board shall deliver to any Credit Facility provider as soon as available after the end of each fiscal year a statement of its financial position as of the end of such fiscal year and the related statements of revenues and expenses, fund balances and changes in fund balances for such fiscal year, and the figures for the previous fiscal year, all prepared in accordance with generally accepted accounting principles and reported on by the Legislative Auditor of the State of Louisiana whose report shall state that such financial statements present fairly the Board's financial position as of the end of such fiscal year and the results of operations and changes in financial position for such fiscal year or shall have such qualifications, exceptions or comments regarding matters not material to the security for the Bonds. Simultaneously with the delivery of each set of financial statements referred to in the preceding paragraph, it shall deliver to any Credit Facility provider a certificate of an Authorized Board Representative stating whether there exists on the date of such certificate any Event of Default or event which, with notice or lapse of time or both, would constitute an Event of Default and, if any Event of Default or such event then exists, setting forth the details thereof and the action that the Board is taking or proposes to take with respect thereto.

Section 10.15. *Disposition of Auxiliary Facilities.* So long as any Bonds are outstanding and unpaid or any other amount is owing under the Bond Resolution, the Board will not dispose of any of the Auxiliary Facilities, but will continue to own and operate such facilities and continue to charge such rates, rentals and charges for the use and enjoyment of the same as will provide funds sufficient to pay and discharge the Bonds and the interest thereon as they respectively mature and to pay all other amounts required to be paid hereunder. However, notwithstanding the above, if the Debt Service Coverage Ratio is no less than 1.75 for each of the last two completed Fiscal Years for which the financial statements of the Board have been reported upon by an Accountant, the Board may transfer or dispose of property which is part of an Auxiliary Facility:

(a) as permitted in Section 10.05;

(b) in the ordinary course of business;

- (c) if such property is replaced promptly by other property of comparable utility;
- (d) to any Person in connection with an operating lease of property to such Person, provided such lease revenues received by the board shall be deemed to be Auxiliary Revenues;
- (e) to any Person if the transfer is pledged on a parity basis as security for Outstanding Bonds and the Additional Bonds issued under Section 10.13;
- (f) to any Person if the transfer relates solely to non-revenue-producing assets, or assets for which the costs of operation and maintenance exceed the revenues produced, as certified in an Authorized Board Representative's certificate delivered to the Trustee and any Credit Facility provider at the time of such disposition, and such transfer constitutes a sale or exchange of such assets in an arm's-length transaction; or
- (g) to any Person if there shall be filed with the Trustee and any Credit Facility provider an Authorized Board Representative's certificate, accompanied by and based upon financial statements for the most recent Fiscal Year for which such statements were reported on by an Accountant, demonstrating that the Debt Service Coverage Ratio for such period would not have been reduced, or would not have been reduced below 1.75, if the amount of the proposed transfer was effected as of the beginning of such period.

Section 10.16. *No Competing Facilities.* After the issuance of the first series of the Bonds, the Board shall not acquire or construct any revenue-producing facilities of the type operated by the Auxiliary Enterprises unless such facilities are acquired or constructed by the Auxiliary Enterprises or are otherwise by a supplemental resolution made to be Auxiliary Facilities.

Section 10.17. *Rate Maintenance Covenant: Rules and Adequacy of Charges for Use of the Auxiliary Facilities.* The Board covenants that it will establish and maintain, so long as any of the Bonds remain Outstanding, such fees, rates and charges for the use and enjoyment of the Auxiliary Facilities and the services provided thereby as shall be necessary to assure adequate occupancy and use of the same and the services afforded thereby and as shall provide and generate Auxiliary Revenues pursuant to clause (i) of the definition of Auxiliary Revenues projected to equal no less than the amount required for payment of the Debt Service Requirements on the Bonds Outstanding, debt service on Prior Lien Obligations, Current Expenses of the Auxiliary Facilities, the Reserve Requirement on the Bonds and to make all other payments and charges as are required under the Bond Resolution.

Section 10.18. *Delivery of Information.* So long as any of the Bonds are Outstanding, the Board will prepare annual statements or audits of collections and disbursements in sufficient detail to show compliance with the requirements hereof, and will deliver a copy of such statements or audits promptly after completion to: (a) any Credit Facility provider; (b) any Owner upon written request with the Board to receive an annual statement; and (c) Moody's if

the bonds are then rated by Moody's, and Standard & Poor's if the Bonds are then rated by Standard & Poor's.

Section 10.19. Tax Matters. The Board covenants and agrees that, to the extent permitted by the laws of the State, it will comply with the requirements of the Internal Revenue Code of 1986 and any amendment thereto (the "Code") in order to establish, maintain and preserve the exclusion from "gross income" of interest on the Bonds under the Code. The Board further covenants and agrees that it will not take any action, fail to take any action, or permit any action within its control to be taken or permit at any time or times any of the proceeds of the Bonds or any other funds of the Board to be used directly or indirectly in any manner, the effect of which would be to cause the Bonds to be "arbitrage bonds" or would result in the inclusion of the interest on any of the Bonds in gross income under the Code, including, without limitation, (i) the failure to comply with the limitation on investment of bond proceeds or (ii) the failure to pay any required rebate of arbitrage earnings to the United States of America or (iii) the use of the proceeds of the Bonds in a manner which would cause the Certificates to be "private activity bonds".

An Authorized Board Representative is hereby empowered, authorized and directed to take any and all action and to execute and deliver any instrument, document or certificate necessary to effectuate the purposes of this Section, including No-Arbitrage certificates for each Series of Bonds.

ARTICLE XI

FIDUCIARIES

Section 11.01. *Appointment of Trustee; Paying Agent.* (a) The Board hereby appoints Hancock Bank of Louisiana, Baton Rouge, Louisiana as Trustee under the Bond Resolution. The Trustee shall signify its acceptance of such position by a written acceptance delivered to the Board on or prior to the date of issuance of the Series 1994 Bonds. By such acceptance the Trustee will accept the trusts imposed upon it by this General Bond Resolution and any Supplemental Resolution and agree to perform said trusts, but only upon and subject to the following express terms and conditions:

(i) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Bond Resolution. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Bond Resolution, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs, subject, however, to the express provisions of the Bond Resolution.

(ii) The Trustee may perform any of its duties hereunder by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed. The Trustee may act upon the opinion or advice of any attorneys approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(iii) The Trustee shall not be responsible for any recital herein except as the same may relate to itself or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the validity of the Bond Resolution or any amendments hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(iv) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered under the Bond Resolution. The Trustee may become the owner of the Bonds secured hereby with the same rights which it would have if not the Trustee.

(v) Unless an officer of the corporate trust department of the Trustee shall have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Board to cause to be made any of the payments of principal of or interest on the Bonds or to make any other payment to the Trustee required hereunder unless the Trustee shall be specifically notified in writing of such default by the Board or any Credit Facility provider or a court of law or any Owner of Bonds. All notices or other instruments required by the Bond Resolution to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(vi) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. The Trustee shall not withhold unreasonably its consent, approval or action to any reasonable request of the Board. Any action taken by the Trustee pursuant to the Bond Resolution on the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(vii) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled in good faith to rely upon a certificate signed by an Authorized Board Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has knowledge or is deemed to have notice pursuant to Section 11.01(a)(v) shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Authorized Board Representative or the Secretary of the Board to the effect that a resolution in the form therein set forth has been adopted by the Board as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(viii) The permissive right of the Trustee to do things enumerated in the Bond Resolution shall not be construed as a duty and it shall not be answerable for other than its negligence or willful default.

(ix) At any and all reasonable times, the Trustee or any Credit Facility provider and the duly authorized agents, attorneys, experts, engineers, accountants and representatives of the Trustee or any Credit Facility provider

shall have the right to inspect any and all of the books, papers and records of the Board relating to the Auxiliary Revenues and the Bonds. The Board and any Credit Facility provider and the duly authorized agents, attorneys, experts, engineers, accountants and representatives of either of them shall have the right to inspect all of the books, papers and records of the Trustee pertaining to the Bonds and the Bond Resolution and to take such memoranda from and in regard thereto as may be desired.

(x) The Trustee shall not be required to give any bond or surety in respect of the Bond Resolution.

(xi) Notwithstanding anything elsewhere in the Bond Resolution contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of the Bond Resolution, to require any showings, certificates, opinions, appraisals or other information, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purposes of establishing the right of the Board to the authentication of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(xii) Before taking the action referred to in Sections 14.01 or 14.06 hereof, the Trustee may require that it be furnished with (i) an indemnity bond or other commitment reasonably satisfactory to the Trustee to pay or indemnify it for, and/or cash in the Trustee's reasonable judgment sufficient to pay, all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken or (ii) such other reasonable protection as may be satisfactory to the Trustee.

(xiii) All moneys received by the Trustee shall be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(b) The Board shall appoint a Paying Agent for each Series of the Bonds pursuant to the Supplemental Resolution authorizing each Series. The Paying Agent for any Series may be the Trustee. The Paying Agent shall signify its acceptance of the duties and obligations imposed on it by the Bond Resolution by executing and delivering to the Board a written acceptance thereof. Provisions regarding the duties and responsibilities of the Paying Agent shall be set forth in the respective Supplemental Resolution.

(c) The Chairman or Vice Chairman and the Secretary of the Board are hereby empowered to execute on behalf of the Board appropriate contracts with the Trustee and the Paying Agents as may be appointed from time to time by the Board.

Section 11.02. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement from the Board from the Auxiliary Revenues for reasonable fees for its services rendered hereunder and all advances, fees of attorneys and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon an Event of Default, but only upon an Event of Default and notwithstanding anything to the contrary in the Bond Resolution, the Trustee shall be paid prior to payment on account of principal of or interest on any Bond upon the Auxiliary Revenues for the foregoing fees, charges and expenses incurred or reasonably expected to be incurred by it, provided that the Trustee shall have no right to any proceeds of any Credit Facility, which proceeds shall be used only to make payments owed by any Credit Facility provider in respect of defaulted principal of and interest on the Bonds.

Section 11.03. Notice to Bondholders if Default Occurs. If the Trustee has knowledge of an Event of Default, or is deemed to have notice of an Event of Default pursuant to Section 11.01(a)(v), then the Trustee shall promptly give written notice thereof by first-class mail to the Owners of all Bonds then Outstanding. Similar notice shall be given of the curing or waiver of any Event of Default.

Section 11.04. Intervention by Trustee. In any judicial proceeding to which the Board is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of the Bondholders and shall do so if requested in writing by any Credit Facility provider or the Owners of at least 25% of the aggregate principal amount of Bonds then Outstanding.

Section 11.05. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall automatically be and become successor trustee hereunder and vested with all of the title to the Auxiliary Revenues and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 11.06. Resignation by Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving 30 days' written notice by registered or certified mail to the Board and any Credit Facility provider and the Owner of each Bond, and such resignation shall take effect upon the appointment of a successor Trustee pursuant to Section 11.08 and the acceptance of such appointment by such successor.

Section 11.07. *Removal of Trustee.* The Trustee may be removed at any time by the Board or by the Owners of a majority in aggregate principal amount of the Outstanding Bonds with the consent of the Board by delivery of an instrument or concurrent instruments in writing delivered to the Trustee.

Section 11.08. *Appointment of Successor Trustee; Temporary Trustee.* (a) In case the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, the Board shall promptly appoint a successor, by an instrument or concurrent instruments in writing signed by an Authorized Representative of the Board or by their attorneys in fact, duly authorized.

(b) Notice of the appointment of a successor Trustee shall be given by the predecessor Trustee in the same manner as provided by Section 11.06 hereof with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions of this Section 11.08 shall be a trust company or bank in good standing duly authorized to exercise trust powers, be subject to examination by a federal or state authority, have a reported capital and surplus of not less than \$50,000,000 and have a corporate trust office in the State, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(c) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Owners of at least 10% of the Bond Obligation may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 11.09. *Concerning Any Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Board an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Board, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, moneys, documents and other property held by it as Trustee hereunder to its successor hereunder.

Section 11.10. *Paying Agent Protection.* The paying agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 9.01 hereof with respect to the Trustee insofar as such provisions may be applicable, and shall likewise be liable for any negligent or willful acts.

ARTICLE XII

AMENDMENTS AND SUPPLEMENTS

Section 12.01. *Supplemental Resolutions Issuing a Series of the Bonds.* A Supplemental Resolution or Resolutions may be adopted for the purpose of issuing the Series 1994 Bonds or any other Series of Bonds, specifying the matters set forth in Section 2.03 hereof, without the consent of the Owners of any Outstanding Bonds or any Credit Facility provider assuming compliance with the terms of Section 10.13(a) hereof. A certified copy of each such Supplemental Resolution must be filed with the Trustee. Prior to adoption of any Supplemental Resolution for the purpose of issuing Bonds hereunder, there shall be filed with the Trustee an Opinion of Counsel to the effect that (i) the Board has the right and power to adopt the Supplemental Resolution, and the Supplemental Resolution has been duly and lawfully adopted by the Board, is in full force and effect and is valid and binding upon the Board in accordance with its terms, and no other authorization for the Supplemental Resolution is required; (ii) the Bond Resolution creates the valid pledge which it purports to create of the Auxiliary Revenues with respect to the security for the Bonds of such Series; and (iii) the Bonds of such Series will be valid and binding obligations of the Board as provided in the Bond Resolution and entitled to the benefits of the Bond Resolution as amended to the date of such Opinion of Counsel, and the Bonds of such Series will have been duly and validly authorized and issued in accordance with the law and in accordance with the Bond Resolution; provided, that such Opinion of Counsel may take exceptions, including but not limited to seizure of State property, restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to the enforcement of creditors' rights generally or contractual obligations and judicial discretion and the valid exercise of the sovereign police powers of the State and of the constitutional power of the United States of America.

Section 12.02. *Amendments Without Consent of Owners.* For any one or more of the following purposes and at any time from time to time, a Supplemental Resolution may be adopted amending the Bond Resolution other than as described in Section 12.01 hereof without the consent of any of the Owners, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, together with the legal opinion required by Section 12.01, shall be fully effective in accordance with its terms;

(a) to provide limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution on the registration and delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the covenants and agreements of the Board in the Bond Resolution other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(c) to add to the limitations and restrictions in the Bond Resolution other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the Board by the terms of the Bond Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Board contained in the Bond Resolution;

(e) to determine matters and things relating to the issuance of a Series of Bonds other than those matters referred to in Section 12.01 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(f) to confirm, as further assurance, any pledge under, and the subjection to any pledge created or to be created by, the Bond Resolution, of the Auxiliary Revenues or of any other moneys and funds pledged hereunder;

(g) to otherwise modify any of the provisions of the Bond Resolution in any respect whatever, provided that (i) such modification shall be effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange thereof or in place thereof;

(h) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision of the Bond Resolution; provided that the written consent of the Trustee shall be required before any amendment is made pursuant to this subparagraph;

(i) to insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable; provided that the written consent of the Trustee shall be required before any amendment is made pursuant to this subparagraph;

(j) to effect any changes necessary to enable the Board to obtain or maintain a rating for any Series of Bonds by Moody's Investors Service, Inc. or Standard & Poor's Ratings Group, a division of McGraw Hill, so long as the changes effected thereby shall not adversely affect the rights of any of the Owners or the provider of any Credit Facility;

(k) so long as no Bonds are Outstanding, to modify, amend or supplement the Bond Resolution in any respect;

(l) to modify the definition of Auxiliary Revenues, provided no such modification shall result in a material adverse change in collections thereof; or

(m) to make any other change which, in the opinion of the Trustee, is not prejudicial to the interests of any Owner.

Section 12.03. *Amendments with Consent of Owners.* Any modification or amendment of the Bond Resolution or of the rights and obligations of the Board and of the Owners of the Bonds hereunder, other than as described in Sections 12.01 and 12.02 hereof, requires the consent of the Owners of at least a majority of the Bond Obligation. Such amendments shall be made by a Supplemental Resolution with the written consent (i) of the Owners of a majority of the Bond Obligation at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of a majority of the aggregate principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given: except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bond Obligation under this Section. No such modification or amendment shall permit a change in the terms of redemption (including mandatory redemption) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption dates or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of each such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, without the consent of the Owners of all of the Bonds then Outstanding. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of the Bond Resolution if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular series or maturity would be affected by a modification or amendment of the Bond Resolution, and any such determination shall be binding and conclusive on the Board and all Owners. The Trustee may receive an Opinion of Counsel as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Bond Resolution, and the legal opinion described in Section 12.01.

Section 12.04. *Exclusion of Bonds.* Bonds owned or held by or for the account of the Board shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Bond Resolution, and the Board shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Bond Resolution. The Board shall furnish the Trustee a certificate of an Authorized Officer of the Board, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 12.05. *Notation on Bonds.* Bonds registered and delivered after the effective date of any action taken as provided in this Article XII may, and if the Trustee so determines

shall bear a notation by endorsement or otherwise in form approved by the Board and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the principal office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Board or the Trustee shall so determine, new Bonds so modified as in the opinion of the trustee and the Board to conform to such action shall be prepared and delivered, and upon demand of the Owner, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

Section 12.06. *Opinion Required.* Each Supplemental Resolution adopted pursuant to Section 12.01 or 12.02 shall be filed with the Trustee, together with an Opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, is valid and binding upon the Board and is enforceable in accordance with its terms, subject to certain exceptions, including but not limited to, seizure of State property, applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to the enforcement of creditors' rights generally or contractual obligations, judicial discretion and the valid exercise of the sovereign police powers of the State and of the constitutional power of the United States of America.

Section 12.07. *Notice of Amendment.* Promptly following the adoption by the Board pursuant to Section 12.01 or 12.02 of a resolution amending the Bond Resolution, the Board shall prepare and deliver to the Trustee, and the Trustee shall then mail to each Bondholder, a notice to the Bondholders describing such resolution and stating that upon request the Trustee will mail a copy of such resolution to any Bondholder or person which represents that it is a beneficial owner of Bonds. The Trustee shall also file a copy of such notice and the resolution with the Municipal Securities Information Library ("MSIL") operated by the Municipal Securities Rulemaking Board, if the MSIL will accept them.

ARTICLE XIII

DISCHARGE OF RESOLUTION

Section 13.01. General. If the Board shall pay or cause to be paid, other than by any Credit Facility, to the Owner of any Bond secured hereby, the principal of and interest due and payable, and thereafter to become due and payable, upon such Bond, or any portion of such Bond in the amount of the minimum authorized denomination or any integral multiple thereof, such Bond or portion thereof shall cease to be entitled to any pledge, benefit or security under the Bond Resolution, except as provided in Section 3.06 and as provided in the following paragraph. If the Board shall pay or cause to be paid (other than by any Credit Facility) to the Owners of all the Bonds secured hereby the principal of and interest due and payable, and thereafter to become due and payable thereon, and shall pay or cause to be paid (other than by any Credit Facility) all other sums payable hereunder by the Board, then, and in that case, the right, title and interest of the Trustee herein shall thereupon cease, terminate and become void, except as provided in Section 3.06 and this Article. In such event, the Trustee shall assign, transfer and turn over to the Board all property held by the Trustee hereunder (except as provided in Section 3.06 and the following paragraph), provided that all payments required by any No-Arbitrage Certificate have been made.

Notwithstanding the release and discharge of the pledge of the Bond Resolution as provided above or that any Bond is deemed paid pursuant to the following paragraph, those provisions of the Bond Resolution relating to the maturity of the Bonds, interest payments and dates thereof, redemption, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, arbitrage rebate, drawing upon any Credit Facility and the rights and duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee, any Credit Facility provider and the Bondholders until such time as the Owners of all Bonds have been paid in full.

Section 13.02. Bonds Deemed Paid. Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of the Bond Resolution when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided for by irrevocably depositing with the Trustee or an escrow agent in trust and irrevocably setting aside exclusively for such payment (1) moneys sufficient to make such payment and/or (2) Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation, reimbursements and expenses of the Trustee and any paying agent, registrar, authenticating agent, co-registrar or transfer agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or

entitled to the benefits of the Bond Resolution, except for the purposes of any such payment from such moneys and Government Obligations and except as provided in the preceding paragraph.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid (1) until the Board shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(i) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by the Bond Resolution);

(ii) to call for redemption pursuant to the Bond Resolution any Bonds to be redeemed prior to maturity pursuant to clause (i) of this paragraph; and

(iii) if all the Bonds are not to be redeemed within 30 days, to mail as soon as practicable, in the manner prescribed by Article V hereof, a notice to the Owners of such Bonds that the deposit required by (a)(ii) above has been made with the Trustee or an escrow agent and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of or redemption price, if applicable, on said Bonds as specified in clause (i) of this paragraph (and, if any optional call provisions relating to such Bonds would permit their call prior to the date stated in clause (i), the notice shall describe such provisions or, if the Board has waived its right to exercise them, shall so state);

and (2) if any Bonds are to be redeemed within the next 30 days, until proper notice of redemption of those Bonds has been given pursuant to Article V hereof.

Any moneys so deposited with the Trustee as provided in the two foregoing paragraphs may at the direction of the Board also be invested and reinvested by the Trustee in Government Obligations, maturing in the amounts and at the times as hereinbefore set forth, and all income from all such Government Obligations in the hands of the Trustee which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be paid to the Board as and when realized if not needed to pay any fees or expenses provided for hereunder.

No deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an Opinion of Bond Counsel to the effect that such deposit and use would not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Notwithstanding any provision of any other Article of the Bond Resolution which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or obligations have been so set aside in trust.

Anything in Article XI hereof to the contrary notwithstanding, if moneys or obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and interest thereon when due and such Bonds and interest shall not have in fact been actually paid in full when due, no amendment to the provisions of this Article shall be made without the consent of the Owner of each Bond affected thereby.

Notwithstanding any other provision of the Bond Resolution, in the event that the principal, redemption price, if applicable, or interest due on any Bond shall be paid by any Credit Facility provider the pledge of the Auxiliary Revenues, and all covenants, agreements and other obligations of the Board to the Bondholders, shall continue to exist, and the Credit Facility provider, shall be subrogated to the rights of such Bondholders.

Bonds may not be defeased pursuant to La.R.S. 39:1441, *et seq.* unless the Board complies with this Article XIII.

ARTICLE XIV

EVENTS OF DEFAULT AND REMEDIES

Section 14.01. *Events of Default.* If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) default in the due and punctual payment of any interest on any Bond;

(b) default in the due and punctual payment of the principal of any Bond, whether at maturity or upon call for redemption;

(c) default in the performance or observance of any covenant, agreement or condition on the part of the Board contained in this Resolution, any Supplemental Resolution or in the Bonds (other than those set forth in (a) and (b) above or (f), (h), (i), (k) or (l) below) and failure to remedy the same within 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Board by any Credit Facility provider or the Trustee, unless any Credit Facility provider and Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Bondholders, any Credit Facility provider and Trustee, but cannot be cured within the applicable 30-day period, any Credit Facility provider and Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Board within the applicable period and diligently pursued until the failure is corrected; and provided further that if by reason of Force Majeure the Board is unable in whole or in part to carry out the agreements on its part herein contained, the Board shall not be deemed in default under this Section 14.01(c) during the continuance of such inability (but Force Majeure shall not excuse any other Event of Default). The term "Force Majeure," as used herein, shall mean, without limitation, the following: acts of God; strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority (other than the Board); insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the Board;

(d) any warranty, representation or other statement by or on behalf of the Board contained in the Bond Resolution or in any instrument furnished in compliance with or in reference to the Bond Resolution is false or misleading in any material respect;

(e) a petition is filed against the Board under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within

60 days after such filing, but any Credit Facility provider and the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 60 days to protect their interests and the interests of the Owners of the Bonds;

(f) the Board files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law;

(g) the Board admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Board for any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Credit Facility providers and the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect their interests and the interests of the Owners of the Bonds;

(h) the Board shall fail to observe and perform any of the covenants referred to in Sections 6.01, 10.11, 10.12 and 10.13;

(i) default under any agreement to which the Board is a party evidencing, securing or otherwise respecting any debt payable out of any of the Auxiliary Revenues;

(j) any material provision of the Resolution shall at any time for any reason cease to be valid and binding on the Board, or shall be declared to be null and void, or the validity or enforceability of any thereof shall be contested by the Board or any governmental agency or authority (other than the Board), or the Board shall deny any further liability or obligation under the Resolution;

(k) if, while any Bonds are Outstanding, the State has altered the rights and duties of the Board or its successor under the constitution and laws of the State, as in force on the date of the Resolution, so as to materially impair the ability of the Board or its successor to fulfill the terms of any agreements made with Owners of the Bonds, or taken any other legislative or executive action, so as to materially impair the rights and remedies of the Bondholders; or

(l) the findings or covenants in any No-Arbitrage Certificate are false or not adhered to and such causes interest on the Bonds to become taxable.

For purposes of a determination as to whether a default has occurred under (a) or (b) above, no effect shall be given to payments made by any Credit Facility provider.

Section 14.02. Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default:

(a) the Trustee shall, only with the written consent or at the direction of all Credit Facility providers, by notice in writing given to the Board, declare the principal amount of all Bonds then outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. In the event the maturity of the Bonds is accelerated, any Credit Facility provider may elect in its sole discretion to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent such principal and interest has not been paid by the Board) and the Trustee shall be required to accept such amounts. Upon the payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Credit Facility provider's obligations under the Credit Facility shall be fully discharged. If the Credit Facility provider is in payment default under the Credit Facility, the owners of not less than fifty percent (50%) of the Bond Obligations may direct such acceleration.

(b) with the consent or at the direction of the Credit Facility provider, the Trustee, to the extent allowed by law, shall be entitled by mandamus or other suit, action or proceeding in any court of competent jurisdiction to require the Board and its officers, agents and employees to do all things necessary to carry out the requirements and provisions of the Bond Resolution and to perform their duties and obligations hereunder. Any such suit, action or proceeding may also request the enjoining of any acts or things which would constitute a violation of the terms of the Bond Resolution, and may request an order requiring the Board to act as though it were the trustee of an express trust.

The Trustee may also pursue any other available remedy at law or in equity or by statute or enforce the payment of the principal of and interest on the Bonds then Outstanding or to enforce any other provision of the Bond Resolution or the Bonds.

(c) If requested so to do by the Credit Facility provider or, with the Credit Facility provider's consent, the Owners of twenty-five percent (25%) or more of the Bond Obligation and indemnified as provided in Section 11.01(xii) hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 11.02 as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Bondholders and the Credit Facility provider.

No right or remedy by the terms of the Bond Resolution conferred upon or reserved to the Trustee (or to the Bondholders or Credit Facility provider) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders or Credit Facility provider hereunder or now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission in exercising any right or remedy accruing upon any default or Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders or Credit Facility provider, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 14.03. Right of Bondholders To Direct Proceedings. Anything in the Bond Resolution to the contrary notwithstanding, the Credit Facility provider or, with the consent of the Credit Facility provider, the Owners of a majority of the Bond Obligation shall have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place and all other aspects of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution, or for any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Resolution.

Section 14.04. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIV shall, after payment of the costs and expenses of the proceedings, including attorneys' fees received in connection therewith, resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and any other fees or expenses owed to the Trustee hereunder, be applied as follows:

FIRST—To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds (including interest on past due principal and interest), in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND—To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at stated maturity or pursuant to a call for redemption (other than Bonds called for redemption for the payment of which moneys are held pursuant to the other provisions of the Bond Resolution), in the order of their due dates and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD—To be held for the payment to the Persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which thereafter become due and to make any other use of such moneys required by Article VII and, if the

amount available shall not be sufficient to pay in full principal and interest due on any particular date, payment shall be made according to subparagraphs FIRST and SECOND, provided that unless all Events of Default have been cured or waived, no funds shall be paid to the Board pursuant to Section 7.07 without the Credit Facility provider's consent.

Whenever moneys are to be applied pursuant to the provisions of this Section 14.04, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give such notice (subject to the following two sentences) as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment (except payments of interest to any Credit Facility provider) to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. The Trustee shall pay the defaulted interest, plus any interest payable on the defaulted interest, to the persons who are the Owners of Bonds at the close of its business on a special record date. The Trustee shall fix the special record date and at least 15 days before the special record date shall mail to the Owners of Bonds a notice that states the special record date, payment date and amount of interest to be paid.

Whenever all principal of and interest on all Bonds have been paid under the provisions of this Section 14.04 and all expenses and charges of the Trustee, including attorneys' fees, have been paid and any amounts owing to any Credit Facility provider hereunder have been paid, any balance remaining in the Funds (except amounts held pursuant to Section 11.02 or Article XIII) shall be paid as provided in Section 7.07 hereof.

Section 14.05. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Bond Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Owners of all the Outstanding Bonds and any Credit Facility provider.

Section 14.06. Rights and Remedies of Bondholders. No Owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Bond Resolution, unless (a) a default has occurred, (b) such default shall have become an Event of Default and the Owners of not less than 25% of the Bond Obligation shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such Owners of Bonds have offered to the Trustee indemnity as provided in Section 11.01(xii) hereof, (d) the Trustee shall for 60 days after receipt of such request and

indemnification fail or refuse to exercise the rights and remedies hereinbefore granted, or to institute such action, suit or proceeding in its own name and (e) any Credit Facility provider shall have consented to such suit; and such request and offer of indemnity and consent are hereby declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of the Bond Resolution. No one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the pledge of the Bond Resolution by its, his or their action or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Owners of all Bonds then Outstanding and any Credit Facility provider. However, nothing contained in the Bond Resolution shall affect or impair the right of any Bondholder or the owner of any rights with respect to payment of interest on a Bond to enforce the payment of the principal of and interest on any Bond at and after the maturity or redemption date thereof, or the obligation of the Board to pay the principal of and interest on each of the Bonds issued hereunder to the respective Owners at the time and place, from the source and in the manner in the Bond Resolution and in the Bonds expressed.

Section 14.07. *Waivers of Events of Default.* The Trustee may at its discretion, but only with consent of any Credit Facility provider relative to the particular Series of the Bonds in question, waive any Event of Default hereunder and its consequences and shall do so upon the written request of such Credit Facility provider or, with the consent of such Credit Facility provider and the Owners of (a) more than two-thirds of the Bond Obligation if a default in the payment of principal or interest, or both, exists, or (b) more than one-half of the Bond Obligation in the case of any other default; provided, however, that there shall not be waived (a) any default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein or on any mandatory sinking fund redemption date specified therein or (b) any default in the payment when due of the interest on any Outstanding Bond, unless prior to such waiver all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal and interest at the rate borne by such Bond, and all expenses of the Trustee in connection with such default, shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Board, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 14.08. *Opportunity To Cure Defaults.* With regard to any alleged default concerning which notice is given to the Board under the provisions of Section 14.01(c), and to the extent authorized by law, the Board hereby grants the Trustee and any Credit Facility full authority for the account of the Board to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Board with full power to do any and all things and acts to the same extent that the Board could do and perform any such things and acts and with power of substitution.

ARTICLE XV

MISCELLANEOUS

Section 15.01. *Loss by a Credit Facility provider of Right To Consent.* All provisions hereof regarding consents, approvals, directions, appointments or requests by a Credit Facility provider (but not subrogation rights) shall be deemed to not require or permit such consents, approvals, directions, appointments or requests by a Credit Facility provider and shall be read as if the Credit Facility provider were not mentioned therein during any time in which (a) the Credit Facility provider is in default in its obligation to make payments under the Credit Facility; (b) a final, nonappealable order of a court having competent jurisdiction in the premises shall be entered declaring any material provision of the Credit Facility at any time, for any reason, invalid and not binding on any Credit Facility provider or declaring any material provision of the Credit Facility null and void; or (c) the Credit Facility provider is insolvent and not capable of fulfilling its obligations under the Credit Facility.

Section 15.02. *Parties Interested Herein.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from the Bond Resolution or the Bonds is intended or shall be construed to give to any Person other than the Trustee, the Owners of the Bonds and a Credit Facility provider, any legal or equitable right, remedy or claim under or in respect to the Bond Resolution or any covenants, conditions and provisions herein contained; the Bond Resolution and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Trustee and the Owners of the Bonds and any Credit Facility provider as herein provided. Anything in the Bond Resolution to the contrary notwithstanding, any Credit Facility provider is a third-party beneficiary of those provisions herein which relate to the making of payments to or following the directions of or giving of notice to or consent by or the performance of other acts to benefit it, and all such provisions shall be enforceable by any Credit Facility provider.

Section 15.03. *Successors and Assigns.* Whenever in the Bond Resolution the Board is named or referred to, it shall be deemed to include its respective successors and assigns and all the covenants and agreements in the Bond Resolution contained by or on behalf of the Board shall bind and inure to the benefit of its respective successors and assigns whether so expressed or not.

Section 15.04. *Severability.* In case any one or more of the provisions of the Bond Resolution or the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of the Bond Resolution or of the Bonds, but the Bond Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. Any constitutional or statutory provision enacted after the date of the Bond Resolution which validates or makes legal any provision of the Bond Resolution or the Bonds, which would not otherwise be valid or legal, shall be deemed to apply to the Bond Resolution and the Bonds.

Section 15.05. Headings Not Controlling. The headings of the several Articles and Sections hereof are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 15.06. Notices. Any request, demand, authorization, direction, notice, consent or other document provided or permitted by the Bond Resolution shall be sufficient for any purpose under the Bond Resolution (except as otherwise provided in the Bond Resolution), when mailed by registered or certified mail, return receipt requested, postage prepaid, sent by telegram, or telex or telecopy or other similar facsimile communication, confirmation received, or when given by telephone, confirmed in writing, sent by any of the above methods on the same day, addressed to the parties as follows at the following addresses (or such other address as may be provided by any party by notice) and shall be deemed to be effective upon receipt:

- If to the Board:
- (1) Vice President of Administration and Finance for the Louisiana State University System
111 System Building
Baton Rouge, LA 70803
Facsimile: (504) 388-5524
 - (2) Vice Chancellor of Business Affairs for Louisiana State University and Agricultural and Mechanical College
330 Thomas Boyd Hall
Baton Rouge, LA 70803-2701
Facsimile: (504) 388-5403

If to the Trustee: Hancock Bank of Louisiana
8555 United Plaza Boulevard, Suite 301
Baton Rouge, Louisiana 70809

Attention: Corporate Trust Department

Section 15.07. Governing Law. The Bond Resolution shall be construed and governed in accordance with the laws of the State.

Section 15.08. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Bond Resolution, shall not be a Business Day, such payment may, unless otherwise provided in the Bond Resolution, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Bond Resolution, and no interest shall accrue for the period after such nominal date.

Section 15.09. *Authorization of the Board.* Authorized Board Representatives are hereby empowered, authorized and directed to do any and all things necessary and incidental to carry out the provisions of this General Bond Resolution.

Whereupon the resolution was adopted this 17th day of June 1994 as follows:

YEAS:

NAYS:

ABSENT:

(Other items not pertinent hereto are omitted)

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

By *John Williams*
(Vice) Chairman

ATTEST:

William Hopper
Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary to the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "Board"), do hereby certify that the foregoing sixty-two (62) pages constitute a true and correct copy of the resolution adopted by the Board on June 17, 1994, providing for the incurring of debt and issuance from time to time of revenue bonds, of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College payable from gross revenues of certain auxiliary enterprises; prescribing the form, fixing the details and conditions of such revenue bonds and providing for the payment of the principal and interest thereon and other matters in connection therewith, which resolution was duly adopted by the Board at a meeting duly called, noticed and held and at which meeting a quorum was present and voting.

I further certify that said Resolution has not been amended or rescinded and is in full force and effect.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said Board on this, the 27th day of June, 1994.

Allen Hopping
Secretary

[SEAL]

EXHIBIT A

[Form of Bond]

UNITED STATES OF AMERICA

STATE OF LOUISIANA

**BOARD OF SUPERVISORS OF
LOUISIANA STATE UNIVERSITY AND
AGRICULTURAL AND MECHANICAL COLLEGE
AUXILIARY REVENUE BOND
SERIES _____**

N . R.— _____

\$ _____

INTEREST RATE

MATURITY DATE

DATED AS OF

CUSIP

%

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "Board"), being a constitutional corporation under the laws of the State of Louisiana (the "State"), for value received, hereby promises to pay to the Bond Owner specified above or registered assigns solely from the special funds provided therefor, the Principal Amount specified above, on the Maturity Date specified above (unless called for earlier redemption), and to pay from such special funds interest thereon on _____ and _____ of each year ("Interest Payment Date") commencing _____ at the Interest Rate per annum specified above, until the Principal Amount specified above is paid or duly provided for. This Series _____ Bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this Series _____ Bond. The principal of and premium, if any, on this Series _____ Bond is payable upon presentation and surrender hereof at the principal corporate trust office of _____ Bank, _____, Louisiana as paying agent

(the "Paying Agent"). Interest on this Series _____ Bond will be paid on each interest payment date (or, if such Interest Payment Date is not a Business Day, on the next succeeding Business Day), by check or draft mailed to the person in whose name this Series _____ Bond is registered (the "Bond Owner") in the registration records of the Board maintained by the Paying Agent and at the address appearing thereon at the close of business on the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date (the "Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Bond Owner hereof at the close of business on the Record Date and shall be payable to the person who is the Bond Owner hereof at the close of business on a Special Record Date, as described in the General Bond Resolution adopted June 17, 1994 and the First Supplemental Bond Resolution of the Board adopted _____ authorizing the issuance of this Series _____ Bond (collectively, the "Bond Resolution"), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Bond Owners of the series of which this is one (the "Series _____ Bonds") not less than ten (10) days prior thereto.

The Series _____ Bonds are issuable as fully registered bonds in denominations of \$ _____ and any integral multiple thereof and are exchangeable for fully registered Series _____ Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Paying Agent, but only in the manner, subject to the limitations, and on payment of the charges provided in the Bond Resolution.

All terms defined in the Bond Resolution and not otherwise defined in this Series _____ Bond shall have the meaning given to those terms in the Bond Resolution.

Optional Redemption. Beginning on _____, _____, the Board may redeem the Series _____ Bonds in whole on any date or in part as selected by the Trustee by lot (in denominations of \$ _____ or any integral multiple thereof) from time to time on any Interest Payment Date, at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date:

Redemption Dates
(Dates Inclusive)

Redemption Price

%

The Board shall give the Trustee at least 70 days' notice of any such redemption to be made. The notice shall specify the redemption date and the principal amounts and maturities of Series _____ Bonds to be redeemed.

Extraordinary Optional Redemption. The Board may at any time redeem all or any part (in the denomination of \$5,000 or any integral multiple thereof) of the Series _____ Bonds at a redemption price equal to their principal amount plus accrued interest to the redemption date if over fifty percent (50%) of the Auxiliary Facilities, defined herein, are damaged, destroyed or taken by eminent domain or sold under the threat of condemnation and the Board elects to use the net proceeds of casualty insurance or condemnation or sale under threat of condemnation to redeem Series _____ Bonds rather than repair, replace, rebuild or restore the Auxiliary Facilities. Any such redemption must take place within 120 days following the receipt of casualty insurance or condemnation proceeds relating to such damage, destruction or taking.

The Board shall give the Trustee at least 70 days' notice of any such redemption to be made. The notice shall specify the redemption date and the principal amounts and maturities of Series _____ Bonds to be redeemed.

Mandatory Sinking Fund Redemption. The Board shall redeem the following principal amounts ("Sinking Fund Amounts") of the Series _____ Bonds maturing July 1, _____ (the "Term Bonds") on the following dates at a redemption price equal to their principal amount but without premium:

Redemption Date <u>(July 1)</u>	Principal <u>Amount</u>
------------------------------------	----------------------------

However, if Series _____ Bonds have been redeemed pursuant to Extraordinary Optional Redemption or Optional Redemption or if the Board has delivered Series _____ Bonds to the Trustee for cancellation, the Board may direct that any Sinking Fund Amount be reduced by an amount equal to all or a portion of the principal amount of any Series _____ Bonds so redeemed or delivered for cancellation (and not previously used to reduce any Sinking Fund Amount). The Board shall deliver any such direction at least 75 days before the redemption date.

If amounts are being held in the Principal Account to be used to redeem such Term Bonds, in lieu of such redemption the Board may, no later than 75 days before the redemption date, direct the Trustee to use part or all of such moneys to purchase such Term Bonds, in a principal amount not to exceed the next Sinking Fund Amount, which are presented to it by Bond Owners for purchase and which the Board directs the Trustee to purchase. The purchase price of such Series _____ Bonds shall not exceed the redemption price of the Series _____ Bonds which would be redeemed but for the operation of this paragraph (accrued interest to be paid from the same fund or account from which accrued interest would be paid upon the redemption of such Series _____ Bonds). Any such purchase shall be completed prior to the time notice would otherwise be required to be given to redeem Series _____ Bonds. All Series

_____ Bonds so purchased shall be cancelled and applied as a credit (in an amount equal to the principal amount of such Series _____ Bonds) against the next Sinking Fund Amount.

Notice of Redemption of Series _____ Bonds. At least 30 days but not more than 60 days before a redemption date pursuant to Extraordinary Optional Redemption or Optional Redemption, the Trustee shall mail a notice of redemption to the Bond Owner of each Series _____ Bond which is to be redeemed. The notice shall be sent by registered or certified mail if the Bond Owner holds \$1,000,000 or more in principal amount of Series _____ Bonds. The failure of the Trustee to mail notice of redemption to any Bond Owner or any defect in any notice of redemption shall not affect the validity of the redemption of any other Series _____ Bond.

If less than all the Series _____ Bonds are to be redeemed, the notice of redemption shall specify the numbers and amounts of the Series _____ Bonds or portion thereof to be redeemed.

Two Business Days prior to mailing notice to other Bond Owners, a copy of each notice of redemption shall be sent by the Trustee by certified or registered mail to each Depository which, or the nominee of which, holds any Series _____ Bonds, provided that the Trustee may, in its discretion, provide for overnight, telecopied or other form of notice to a Depository acceptable to or requested by such Depository. The Trustee shall send, on the same date notices are mailed to other Bond Owners, a copy of each notice of redemption by registered or certified mail to two national information services which disseminate redemption notices.

If a Series _____ Bond is not presented for payment on or within 30 days after its redemption date, the Trustee shall, as soon as reasonably possible, mail a second notice of redemption to the last Bond Owner of record of such Series _____ Bond, including the same information as in the first notice. The giving of such notice, or the failure to give such notice or any defect in such notice, shall not affect the validity of the redemption of any Series _____ Bonds.

Exchange and Transfer of Series _____ Bonds. The Board and the Paying Agent shall not be required to issue, register the transfer of or exchange (a) any Series _____ Bonds during a period beginning at the opening of business on the Regular Record Date and ending at the close of business on the Interest Payment Date or (b) any Series _____ Bond called for redemption prior to maturity during a period beginning on the opening of business fifteen (15) days before the date of the mailing of notice of redemption of such Series _____ Bonds and ending on the date of such redemption.

Upon surrender for registration of transfer of any Series _____ Bond, the Paying Agent shall register and deliver in the name of the transferee or transferees one or more new fully registered Series _____ Bonds of authorized denomination and maturity and like aggregate

principal amount. At the option of a Bond Owner, Series _____ Bonds may be exchanged for other Series _____ Bonds of authorized denominations of the same Series and maturity and like aggregate principal upon surrender at such office. Whenever any Series _____ Bonds are so surrendered for exchange, the Paying Agent shall register and deliver in exchange thereof the Series _____ Bond or Series _____ Bonds which the Bond Owner making the exchange shall be entitled to receive after receipt of the Series _____ Bonds to be transferred in proper form. All Series _____ Bonds presented for registration of transfer or exchange shall (if so required by the Board or the Paying Agent, be accompanied by a written instrument or instruments of transfer in form and with a guaranty of signature satisfactory to Paying Agent, duly executed by the Bond Owner or by such Bond Owner's duly authorized attorney. No charge shall be made to the Bond Owner for any exchange or transfer of Series _____ Bonds, but the Paying Agent may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

All Series _____ Bonds delivered upon any registration of transfer or exchange of Series _____ Bonds shall be valid obligations of the Board, evidencing the same debt and entitled to the same benefits under the Bond Resolution as the Series _____ Bonds surrendered. Prior to due presentment for registration of transfer of any Series _____ Bond, the Board, the Paying Agent, and any agent of the Board or the Paying Agent may treat the person in whose name any Series _____ Bond is registered as the absolute owner thereof for all purposes except to the extent otherwise provided hereinabove and in the Bond Resolution with respect to Record Dates and Special Record Dates for the payment of interest, whether or not such Series _____ Bonds shall be overdue, and shall not be bound by any notice to the contrary.

The Series _____ Bonds are issued by the Board pursuant to Sections 2181 through 2193 and 3351(A)(4) of Title 17 of the Louisiana Revised Statutes of 1950, as amended, (La. R.S. 17:2181-2193 and 17:3351(A)(4)) and Article VII, Section 6(C) of the Constitution of the State of Louisiana of 1974 (collectively, the "Act") and other constitutional and statutory authority, which authorize the Board to borrow money, issue bonds, and pledge revenues for the payment thereof. The Series _____ Bonds are issued pursuant to the Bond Resolution for the purpose of paying the costs of _____ for the campus of Louisiana State University and Agricultural and Mechanical College (the "Project"), and funding a reserve fund and paying the costs of issuance of the Series _____ Bonds.

THIS SERIES _____ BOND SHALL BE A SPECIAL AND LIMITED OBLIGATION OF THE BOARD PAYABLE SOLELY FROM AUXILIARY REVENUES. THIS SERIES _____ BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OR PLEDGE OF THE GENERAL CREDIT OF THE UNIVERSITY, THE LSU SYSTEM, THE BOARD, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OF INDEBTEDNESS. NEITHER THE STATE NOR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, OTHER THAN

THE BOARD, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THIS SERIES _____ BOND OR THE INTEREST THEREON AND THIS SERIES _____ BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION OR AGENCY THEREOF, OTHER THAN THE BOARD.

The Series _____ Bonds are equally and ratably secured by a pledge under the Bond Resolution of the Auxiliary Revenues, and the Series _____ Bonds shall enjoy a pledge thereof, subject and subordinate to Prior Lien Obligations, as defined in the Bond Resolution. Obligations in addition to the Series _____ Bonds, subject to expressed conditions, may be issued and made payable from the Auxiliary Revenues having a pledge thereof (i) subordinate and junior to the pledge relative to the Series _____ Bonds, or (ii) subject to additional expressed conditions, on a parity with the Series _____ Bonds, as provided in the Bond Resolution, subject to Prior Lien Obligations.

Auxiliary Revenues are defined to mean (i) the gross amount of all funds, monies or revenues held by the University and any earnings thereon derived or to be derived by Auxiliary Enterprises from self generated revenues from all fees, rates, rentals, charges or other receipts or income received from students or the public at large in connection with any undertaking, utilization or operation of Auxiliary Enterprises or Auxiliary Facilities, including operation or management thereof by private entities on behalf of the Auxiliary Enterprises, prior to the payment of Current Expenses; and (ii) all Funds and Accounts held pursuant to the General Bond Resolution or any Supplemental Resolution pertaining to a particular Series of Bonds except any fund created to hold monies pending rebate to the United States or for payment of costs of issuance of Bonds. Auxiliary Revenues shall not include funds, if any, appropriated by the Legislature of the State from time to time.

Reference to the Bond Resolution and any and all modifications and amendments thereof is made for the provisions, among others, with respect to the custody and application of the proceeds of the Series _____ Bonds, for a description of the nature and extent of the security for the Series _____ Bonds, the revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the Owners of the Series _____ Bonds with respect thereto, the terms and conditions upon which the Series _____ Bonds are issued and a statement of rights, duties, immunities and obligations of the Board and the rights of the Owners. The acceptance of the terms and conditions of the Bond Resolution is an explicit and material part of the consideration of the Board's issuance of this Series _____ Bond, and each owner, by acceptance of this Series _____ Bond, agrees and assents to all such terms and conditions as if fully set forth herein.

To the extent and in the respects permitted by the Bond Resolution, the provisions of the Bond Resolution and of any resolution amendatory thereof or supplemental thereto may be modified or amended by action on behalf of the Board taken in the manner and subject to the

conditions and exceptions prescribed in the Bond Resolution. The pledge of the Auxiliary Revenues and other duties of the Board under the Bond Resolution may be discharged at or prior to the maturity or redemption of the Series _____ Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

The Board covenants and agrees with the Owner of this Series _____ Bond and with each and every person who may become the Owner hereof that it will keep and perform all of the covenants of the Bond Resolution.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on this Series _____ Bond or for any claim based thereon or otherwise in respect to the Bond Resolution against any individual member of the Board, past, present or future, either directly or through the Board, or through any successor body corporate, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Series _____ Bond and as a part of the consideration of its issuance specially waived and released. The obligation of the Board, as a body corporate, to the Owner hereof is limited to applying funds, as set forth above and as more fully delineated in the Bond Resolution, and to otherwise complying with the contractual provisions therein.

It is hereby certified that all acts, conditions and things required to be done precedent to and in the issuance of this Series _____ Bond and the Series of which it is a part have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State and the proceedings herein mentioned, and that the Series _____ Bonds do not exceed any constitutional or statutory limitation.

This Series _____ Bond shall not be valid or obligatory for any purpose until the Paying Agent shall have manually signed the certificate of authentication hereon.

IN TESTIMONY WHEREOF, the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College has caused this Series _____ Bond to be signed and executed in the name and on behalf of the Board with the manual or facsimile signature of its Chairman or Vice-Chairman, and to be attested, signed, subscribed and executed with the facsimile signature of its Secretary; and has caused the facsimile of the seal of the Board to be affixed hereon all as of the date specified above.

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

By _____
(Vice) Chairman

[SEAL]

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Series _____ Bonds described in the within-mentioned Bond Resolution, and this Series _____ Bond has been duly registered on the registration records kept by the undersigned as Paying Agent for such Series _____ Bonds.

**DATE OF AUTHENTICATION
AND REGISTRATION:**

**HANCOCK BANK OF LOUISIANA
Baton Rouge, Louisiana
as Paying Agent**

By _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto

**SOCIAL SECURITY OR FEDERAL EMPLOYER
IDENTIFICATION NUMBER OF ASSIGNEE**

(Name and Address of Assignee)

the within bond and does hereby irrevocably constitute and appoint _____, attorney,
to transfer said bond on the books kept for registration thereof with full power of substitution
in the premises.

Dated: _____

Signature of Registered Owner:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

(Bank, Trust Company, or Firm)

TRANSFER FEE MAY BE REQUIRED

[STATEMENT OF INSURANCE]

[To be supplied]

CERTIFICATE AS TO LEGAL OPINION

The undersigned hereby certifies that the following approving legal opinion of Kutak Rock, Baton Rouge, Louisiana, in substantially the following form was delivered to the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College, and that the opinion was dated and issued as of the date of original delivery of and payment to the Board for the Series _____ Bonds.

IN WITNESS WHEREOF, I have caused to be hereunto set my facsimile signature.

Secretary (Treasurer) of the Board of Supervisors

(Insert text of legal opinion)

[End of Form of Bond]

[Balance of Page Intentionally Left Blank]

EXHIBIT B
TO GENERAL BOND RESOLUTION

COMPLETION CERTIFICATE

BOARD OF SUPERVISORS
OF
LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE
AUXILIARY REVENUE BONDS
SERIES _____

I, the undersigned Authorized Board Representative under the General Bond Resolution dated June 17, 1994 of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "Board") relative to \$ _____ Auxiliary Revenue Bonds, Series _____ of the Board dated _____, 1994 (the "Bonds") hereby certify with respect to the Bonds in accordance with Section 7.02 of the General Bond Resolution that the Board has expended the entire available proceeds of the Bonds (except for amounts not due and payable on the date hereof) for Project Costs (defined by the General Bond Resolution). This Certificate refers only to that portion of the Series _____ Project actually paid or to be paid for with the proceeds of the Bonds. This Certificate is given without prejudice to any rights against third parties which exist at the date hereof or which may subsequently come into being.

WITNESS My hand and the seal of Board of Supervisors of Louisiana State University and Agricultural and Mechanical College this _____ day of _____, 19 _____.

LOUISIANA STATE UNIVERSITY
AND AGRICULTURAL AND
MECHANICAL COLLEGE

By _____
[Title]

RECEIVED ON _____, _____

HANCOCK BANK OF LOUISIANA
Trustee

By: _____

**EXHIBIT C
TO THE GENERAL BOND RESOLUTION**

PROJECT FUND REQUISITION FORM

**BOARD OF SUPERVISORS
OF
LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE
AUXILIARY REVENUE BONDS
SERIES _____**

**Hancock Bank of Louisiana
Corporate Trust Department
Baton Rouge, Louisiana
as Trustee/Paying Agent**

Date: _____

Requisition Number: _____

The undersigned Authorized Board Representative, acting for and on behalf of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "Board"), pursuant to a General Bond Resolution adopted by the Board on June 17, 1994 relating to the above captioned issue of Bonds, hereby requests payment be made from amounts on deposit in the Project Fund held by the Trustee/Paying Agent pursuant to Section 7.02 of the General Bond Resolution to the person, firm or corporation in the amount and for the purpose set forth below:

Name and address of payee:

Amount of Payment: \$ _____

Purpose of Payment (if a reimbursement to the Board, identify payee(s), purposes represented by such reimbursement and costs heretofore paid).

The undersigned Authorized Board Representative further certifies with respect to this Requisition as follows:

1. The payment set forth herein is to be or was made or incurred in connection with the project relative to the above captioned Series of Bonds defined in a Supplemental Resolution, in accordance with the plans and specifications therefor currently in effect;
2. The amount paid or to be paid, as set forth herein, is reasonable, is presently due and payable, and is a proper charge against the Project Fund and has not been paid;
3. If the amount is payable to a general contractor under a construction and/or installation contract, a certificate signed by an engineer approving the payment thereof is attached hereto; and
4. If the Board is seeking reimbursement for payment of items qualifying as Project Costs hereunder, evidence of prior payment of the same is attached hereto.

By: _____
Authorized Board Representative

Approved for payment and paid: _____, 19____

Authorized Officer
of Trustee/Paying Agent: _____

EXHIBIT D
TO THE GENERAL BOND RESOLUTION

PRIOR LIEN OBLIGATIONS

"Prior Lien Obligations" are previously issued obligations of the Board payable from certain Auxiliary Revenues prior to the use of Auxiliary Revenues for payment of Debt Service Requirements on the Bonds, including principal of and interest thereon as well as any other payments to which Auxiliary Revenues are dedicated, including but not limited to, charges of any credit or liquidity facility provider, trustee or paying agent or any other entity, prior to the payment of Debt Service Requirements on the Bonds (collectively "charges and fees"). Capitalized terms used in this Exhibit D which are not defined herein shall have the meaning ascribed thereto in the General Bond Resolution to which this Exhibit D pertains.

Following the issuance of the Series 1994 Bonds, the Board will have outstanding Prior Lien Obligations totaling \$27,552,064 in principal amount secured by certain Auxiliary Revenues. Principal of Prior Lien Obligations outstanding as of May 31, 1994* is as follows:

<u>Description</u>	<u>Outstanding as of May 31, 1994*</u>
Louisiana Public Facilities Authority Loan Agreement dated as of October 1, 1988 for Auxiliary Enterprises only	\$15,793,287
Student Housing Bonds:	\$ 7,800,000
Reimbursement Contracts to State Treasurer for portion of State of Louisiana General Obligation Bonds:	<u>\$ 3,958,777</u>
TOTAL	<u>\$27,552,064</u>

Source: University

As of July 1, 1994 the total principal of Prior Lien Obligations will be reduced to \$26,746,134 as the result of scheduled payments of principal.

The following table sets forth principal and interest debt service requirements for the Prior Lien Obligations for the Fiscal Years ended June 30, 1995 through 2010:

<u>Fiscal Year</u> <u>Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$1,544,221	\$1,290,110	\$2,834,331
1996	1,758,597	1,221,563	2,980,160
1997	1,795,486	1,141,476	2,936,962
1998	1,885,438	1,060,173	2,945,611
1999	1,866,661	974,975	2,841,636
2000	1,977,747	891,796	2,869,543
2001	2,039,951	803,852	2,843,803
2002	1,665,473	712,957	2,378,430
2003	1,750,602	640,101	2,390,703
2004	1,807,921	563,769	2,371,690
2005	1,659,923	486,659	2,146,582
2006	1,314,138	414,547	1,728,685
2007	1,221,908	340,649	1,562,557
2008	1,293,517	267,484	1,561,001
2009	1,367,180	189,873	1,557,053
2010	<u>1,797,371</u>	<u>107,842</u>	<u>1,905,213</u>
TOTAL	<u>\$26,746,134</u>	<u>\$11,107,826</u>	<u>\$37,853,960</u>

Source: University

Includes variable rate LPFA loan with assumed rate of 6%.

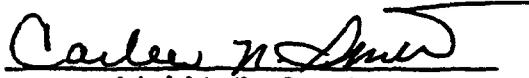
Recommendation to approve a General Bond Resolution and a First Supplemental Resolution to finance the purchase of certain equipment from CESWay International, Inc. that is currently leased to the University, the buy-out of CESWay, the acquisition of additional equipment and the costs and expenditures associated therewith
(AMENDED)

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby adopt the documents relating to the issuance of the bonds being the General Bond Resolution and First Supplemental Resolution and does hereby authorize the execution and delivery by the Chairman or Vice Chairman and the Secretary of the Board of the General Bond Resolution and First Supplemental Resolution and such other documents or certificates necessary in connection with the issuance or the marketing of the Bonds and all other transactions incident thereto, with such changes and modifications which are deemed in the best interest of the Board by the Chairman or Vice Chairman and Secretary, and does hereby ratify all prior actions taken on its behalf by University officials in furtherance of this transaction, the Board does hereby modify its previous resolutions to authorize a master resolution approach to the issuance and to authorize the application of annual savings derived from the purchase of the said equipment to future increases in utility costs and deferred and preventive maintenance on the Baton Rouge Campus and to authorize such other matters as are set forth in the documents.

CERTIFICATE

I, Carleen N. Smith, the duly qualified Administrative Secretary of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, hereby certify that the foregoing is a true and exact copy of a resolution adopted by the Board of Supervisors at its meeting on June 17,
1994, at which meeting more than a quorum was present and voted.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the official seal of said Board of Supervisors this 4th day of September, 1996.



Administrative Secretary
Board of Supervisors of Louisiana State University and
Agricultural and Mechanical College

SEAL



**REQUEST FROM LOUISIANA STATE UNIVERSITY EUNICE
TO APPROVE THE AMENDED AND RESTATED GROUND LEASE
AGREEMENT WITH EUNICE STUDENT HOUSING FOUNDATION, INC.**

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to Article VII, Section 8, D.1 and Section 8, D.2(a) of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter".

D.1 Any matter having a significant fiscal (primary or secondary) or long-term educational or policy impact on the System or any of its campuses or divisions.

D.2(a) The assignment, lease, transfer, encumbrance or sale of land, mineral rights, rights-of-way, servitudes, or other immovable property owned or controlled by LSU...

1. Summary of the Matter

The Board previously approved the lease in 2002 to the Eunice Student Housing Foundation, Inc. of land on the campus of LSU Eunice for the construction of student housing ("Bengal Village") funded by the Foundation through the issuance of \$7 million in tax-exempt bonds (7 3/8% due 9/1/33) for the construction of the project. Since the Board's approval of the original proposal, interest rates have come down, and it now would be cost-effective for the Foundation to refinance the outstanding debt through a term balloon loan with Campus Federal Credit Union. The refinancing is projected to generate a savings of approximately \$700,000 over the next 5 years with a loan to the Foundation of \$6.75 million at 4.75% with a 5-year balloon/25-year amortization.

2. Review of Business Plan

Financial

The principal balance outstanding on the loan is \$6,255,000. In addition, the Foundation will borrow sufficient monies (1) to pay the expenses of refunding including the interest and premium amounts; (2) to fund a deposit to a Campus Federal loan reserve; and (3) to repay the Housing Project Manager for funds it has lent to the project, and to pay to the manager the unpaid subordinate management fees over the life of the project and fund an additional reserve. The total amount borrowed from Campus Federal by the Foundation will be \$6,750,000 as reflected on the schedule of Sources and Uses attached hereto. Under the proposed bank loan, the interest rate on the debt will reduce from 7 3/8% to 4.75% for an annual savings on debt service of approximately \$140,000.

3. Fiscal Impact

Bengal Village is the only student housing project on the LSU-E Campus. Prior to its construction in 2002, LSU-E was forced to house students, especially athletes, off-campus in housing scattered throughout the community. It has enabled the school to attract students/athletes from longer distances and students who lack a means of transportation. Since the opening of Bengal Village, the campus has added a softball team, which added to the number of athletes in the apartments. Bengal Village provides a place for out-of-state students, whether athletes or not, to live while attending LSU Eunice. This provides the university with tuition-paying students who could not attend LSU Eunice if the apartments were not available.

The project has struggled to cash flow given the high interest rate on the bonds. This refinancing will significantly improve the financial performance of the project and thus provide funds for improvements and major repairs at the complex. The Loan Agreement allows for surplus to be released to the Foundation. These funds will be held at the Foundation level and can be used to pay down debt at maturity, fund operating shortfalls and fund uninsured repairs to the project.

Over the next few years, interest rates are predicted to rise. While it is impossible to anticipate exactly where interest rates will be at the time when the balloon payment is due, our belief is that enough of the principal will be paid off and when combined with the interest savings, application of Campus Federal Reserve Fund balance, and rental rate increases, this will lead to a much healthier balance sheet.

In five years, the Foundation may negotiate an extension of the Campus Federal loan, solicit bids from other local banks or access the tax-exempt municipal market to finance the balloon payment. A healthier balance sheet should make all of the options readily available to the Eunice Student Housing Foundation, Inc.

4. Description of Competitive Process

Not applicable. This is the amendment of a previously authorized and existing lease.

5. Legal Documents

- Amended and Restated Ground Lease Agreement
- Landlord Estoppel and Consent

6. Parties of Interest

The Lessee under the Amended and Restated Ground Lease Agreement is the Eunice Student Housing Foundation, Inc., which was also the original Lessee in 2002. The Lender for the new loan is Campus Federal Credit Union. Also, Stern Brothers & Company has been assisting the Foundation in seeking financing to refund the outstanding bonds. The Managing Director for Stern Brothers is Donna LoCascio.

7. Related Transactions

The campus is proposing to amend the Ground Lease Agreement entered into in 2002 for the lease of ground to Eunice Student Housing Foundation, Inc., as described above.

8. Conflicts of Interest

None

ATTACHMENTS:

- Letter from Chancellor William J. Nunez
- Amended and Restated Ground Lease Agreement
- Landlord Estoppel and Consent
- Summary by Stern Brothers & Co.

RECOMMENDATION

It is recommended that the LSU Board of Supervisors adopt the following resolution:

“NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College ("LSU Board") hereby authorizes President F. King Alexander, or his designee, to execute an Amended and Restated Ground Lease Agreement with Eunice Student Housing Foundation, Inc., said Agreement to contain such terms and conditions as the President deems to be in the best interest of the LSU Board and LSU Eunice.

BE IT FURTHER RESOLVED, that the LSU Board hereby authorizes President F. King Alexander, or his designee, to execute any and all other documents, certificates, consents and approvals as may be necessary to accomplish the amendment to and restatement of the Ground Lease Agreement and the refinancing of the long term loan currently owed by Eunice Student Housing Foundation, Inc., such other documents, certificates, consents and approvals to contain terms and conditions as deemed by the President to be in the best interest of the LSU Board and LSU Eunice.”

May 29, 2014

Dr. F. King Alexander, President & Chancellor
Louisiana State University System
3810 West Lakeshore Drive
Baton Rouge, LA 70808

Dear Dr. Alexander:

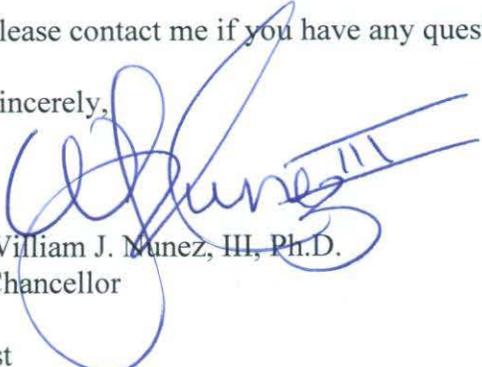
In accordance with Article VII, Section 8 (D) of the Bylaws of the Board of Supervisors of Louisiana State University System, I am submitting the attached amended and restated ground lease with Eunice Student Housing Foundation, Inc. for Board approval.

The Board previously approved the campus' housing lease in 2002 to the Eunice Student Housing Foundation, Inc. for land on the campus of LSU Eunice for the purpose of construction of student housing, to be funded by the Foundation, through the issuance of \$7 million in tax-exempt bonds. Since the Board's approval of the original proposal, interest rates have come down, and it is now cost-effective for the Foundation to refinance the outstanding debt, through a term balloon loan, with Campus Federal Credit Union. Therefore, the previously authorized ground lease is being amended.

LSU Eunice is, therefore, requesting the LSU Board of Supervisors' review and approval of this lease; and, to the achievement of this end, I certify, to the best of my knowledge, that the campus has provided all necessary documentation.

Please contact me if you have any questions.

Sincerely,



William J. Munez, III, Ph.D.
Chancellor

lst

**AMENDED AND RESTATED
GROUND LEASE AGREEMENT**

by and between

BOARD OF SUPERVISORS OF
LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE
(as Lessor)

and

EUNICE STUDENT HOUSING FOUNDATION, INC.
(as Lessee)

Dated as of June ____, 2014

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AMENDED AND RESTATED GROUND LEASE AGREEMENT

This AMENDED AND RESTATED GROUND LEASE AGREEMENT (together with any amendment hereto or supplement hereof, the "Lease") effective as of June __, 2014, is entered into by and between the BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE, a public constitutional corporation organized and existing under the laws of the State of Louisiana (the "Board"), acting herein on behalf of Louisiana State University at Eunice (the "University"), represented herein by the President of Louisiana State University and EUNICE STUDENT HOUSING FOUNDATION, INC., a Louisiana a nonprofit corporation represented herein by its Secretary and Treasurer (the "Corporation").

WITNESSETH

WHEREAS, the Board is a public constitutional corporation organized and existing under the laws of the State of Louisiana and the University is a university under its management and control pursuant to Louisiana Revised Statutes 17:3215;

WHEREAS, the Corporation is a private, nonprofit corporation organized and existing under the Louisiana Nonprofit Corporation Law (La. R.S. 12:201 et seq.), whose purpose is to support and benefit the educational, scientific, research and public service missions of the University;

WHEREAS, pursuant to La. R.S. 17:3361 through 17:3365, the Board is authorized to lease to a nonprofit entity, such as the Corporation, any portion of the campus of the University;

WHEREAS, the Board and the Corporation entered into that certain Ground Lease Agreement dated as of January 1, 2002 (the "Original Lease") pursuant to which the Board leased to the Corporation approximately 5.33 acres of land owned by the Board and located on the campus (the "Campus") of the University, which land is more particularly described on **Exhibit A** attached hereto and made a part hereof (the "Land");

WHEREAS, pursuant to the terms of the Original Lease, the Corporation constructed and equipped student housing facilities on the Land for use by students, faculty and staff of the University, which facilities are more particularly shown on **Exhibit A-1** attached hereto and made a part hereof (the "Facilities");

WHEREAS, the construction costs related to the Corporation's construction of the Facilities were financed, in whole or in part, with funds generated by the issuance of certain Revenue Bonds (the "Bonds") issued by the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") pursuant to the trust indenture dated as of January 1, 2002 between the Authority and Bank of New York, as trustee;

WHEREAS, the Corporation desires to redeem the Bonds in accordance with their terms and in conjunction therewith, the Board and the Corporation have agreed to amend and restate the Original Lease;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree as follows:

ARTICLE I
LEASE OF PROPERTY - TERMS OF LEASE

Section 1.01 Lease of Land. In consideration for the performance by the Corporation of all of its obligations set forth in this Lease and in the Original Lease, the Board does hereby lease, let, demise, and rent unto the Corporation, and the Corporation does hereby rent and lease from the Board, the Land, together with all existing improvements, alterations, additions and attached fixtures located on the Land and the right of uninterrupted access to and from all streets and roads now or hereafter adjoining the Land for vehicular and pedestrian ingress and egress. The Board and the Corporation hereby acknowledge that the Facilities are owned by the Corporation, subject, however, to the terms hereof. The Corporation, by execution of this Lease, accepts the leasehold estate herein demised subject only to the matters described on **Exhibit B** attached hereto.

Section 1.02 Habendum. To have and to hold the Land, together with all and singular the rights, privileges, and appurtenances thereto attaching or anywise belonging, exclusively unto the Corporation, its successors and assigns, for the term set forth in Section 1.03 below, subject to the covenants, agreements, terms, provisions, and limitations herein set forth.

Section 1.03 Term. Unless sooner terminated as herein provided, this Lease shall continue and remain in full force and effect for a term commencing on the effective date hereof and ending at midnight on June 30, 2064. The term may be extended by written agreement of the parties hereto, subject to securing any approvals required by the terms hereof.

Section 1.04 Board's Option to Purchase the Facilities. Upon the occurrence of an Event of Default under this Lease which is not cured within the time periods provided for herein, then in such event, the Corporation grants to the Board an exclusive and irrevocable option to purchase, for the price and on the terms, provisions, stipulations and conditions hereinafter set forth, all but not less than all of the Facilities (the "Option"):

(a) The purchase price is sufficient to satisfy the Mortgage, and to fully pay the Lender all amounts due under the Mortgage and Loan Agreement (the "Purchase Price").

(b) The Board gives notice to the Corporation of its election to exercise the Option not less than sixty (60) days prior to the date on which the Board desires to purchase the Facilities.

(c) The Option shall expire on the Expiration Date, or upon the earlier termination of this Lease, whichever occurs first.

(d) Notwithstanding anything to the contrary contained in this Lease, upon the purchase of the Facilities by the Board pursuant to this Option, this Lease shall terminate.

(e) In the event of and upon the payment of the Purchase Price by the Board, the Corporation will, on the purchase date, execute and deliver to the Board a written cancellation of

this Lease specifically transferring ownership of the Facilities to the Board and such other documents as necessary to effect a transfer of title to the Facilities to the Board.

(f) To the extent allowed by law, in the event the Option is timely exercised, notice to the Corporation of the Board's election shall constitute an irrevocable conversion of the Option into a binding obligation of the Corporation to sell the Facilities to the Board and of the Board to purchase the Facilities from the Corporation under the terms and conditions set forth in this Section 1.04, and in such event, the Corporation and the Board shall have the right to demand specific performance of the agreement herein to purchase and sell by the other. The closing of the sale of the Facilities shall occur within one hundred twenty (120) days of the exercise by notice to the Board of the Option at the offices of the Board or its counsel, or at such other time, place and date as agreed upon by the Corporation and the Board.

(g) The Board shall pay all closing costs and charges incident to the conveyance of title to the Facilities.

(h) The Corporation shall convey to the Board title to the Facilities without any warranty whatsoever of any nature. The conveyance of the Facilities shall be without any warranty as to fitness and condition. In no event shall the Corporation be responsible for any defects in title to the Facilities.

(i) In the event the Option is exercised and the Corporation fails to consummate the transactions contemplated herein for any reason except default by the Board or the failure of the Board to satisfy any of the conditions set forth herein, the Board (a) may enforce this agreement by specific performance and in such action shall have the right to recover damages suffered by reason of the Corporation's delay in transferring the Facilities; or (b) may bring suit for damages for breach of this agreement.

(ii) In the event the Option is exercised, and the Board fails to consummate the transactions contemplated herein for any reason, except default by the Corporation or the failure of the Corporation to satisfy any of the conditions set forth herein, the Corporation (a) may enforce this agreement by specific performance and in such action shall have the right to recover damages suffered by reason of the Board's delay in acquiring the Facilities; or (b) may bring suit for damages for breach of this agreement.

(iii) No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this agreement to purchase and sell shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any condition or any subsequent breach of the same or any other term, covenant or condition herein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or of any other term, covenant or condition herein contained.

(i) The Option and the rights set forth herein related to the Option shall not be assigned by the Corporation and the Facilities shall not be sold (subject to the Option or otherwise) to any Person or entity without the Board's prior written consent, which consent may be withheld by the Board in its sole discretion.

(j) The Corporation acknowledges that, in the event the Board wishes to exercise the Option, the Board must comply with the laws regulating the procurement, capital outlay and appropriations for acquiring lands, buildings, equipment and furnishings by the State.

ARTICLE II DEFINITIONS

Section 2.01 Definitions. In addition to such other defined terms as may be set forth in this Lease, the following terms shall have the following meanings.

“**Applicable Laws**” means all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority which are applicable to the parties performing their obligations under this Lease.

“**Authorized Corporation Representative**” means the Chairman, Vice Chairman or the Secretary of the Corporation, or any other person designated as such by an instrument in writing.

“**Award**” means any payment or other compensation received or receivable as a consequence of Expropriation from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

“**Board**” means Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, a constitutional corporation organized and existing under the laws of the State of Louisiana.

“**Board Representative**” means one or more of the persons designated and authorized in writing from time to time by the Board to represent the Board in exercising the Board's rights and performing the Board's obligations under this Lease; the Board Representative shall be the Assistant Vice President for Property and Facilities and University Architect for the Louisiana State University System, or his designee of whom the Corporation has been notified in writing, until the Corporation has been notified in writing by the Board or the Board Representative of a change in the individual designee as Board Representative.

“**Board's Interest**” means the Board's ownership interest in and to the Land.

“**Bonds**” shall have the meaning given in the Recitals above.

“**Campus**” means the campus of the University.

“**Corporation**” means Eunice Student Housing Foundation, Inc., a nonprofit corporation organized and existing under the laws of the State for the benefit of the University, and also includes every successor corporation and transferee of the Corporation.

“**Effective Date**” means _____, 2014.

“**Environmental Regulation**” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, contaminants, chemical waste, materials or substances.

“**Event of Default**” means any matter identified as an event of default under Section 10.01 hereof.

“**Expiration Date**” means the expiration date of this Lease as set forth in Section 1.03 hereof.

“**Expropriation**” means the taking of all or any portion of the Facilities by condemnation, expropriation, or eminent domain proceedings.

“**Facilities**” means the student housing facilities described in **Exhibit A-1** to this Lease, as amended and supplemented, including all furniture, fixtures, equipment and furnishings located therein and belonging to the Corporation.

“**Force Majeure**” means any (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of the Corporation; (d) adoption of or change in any Applicable Laws after the date of execution of this Lease; or (e) any other similar cause or similar event beyond the reasonable control of the Corporation.

“**Governmental Authority**” means any federal, State, parish, regional, or local government, political subdivision, any governmental agency, department, authority, instrumentality, bureau, commission, board, official, or officer, any court, judge, examiner, or hearing officer, any legislative, judicial, executive, administrative, or regulatory body or committee or official thereof or private accrediting body.

“**Governmental Regulations**” means any and all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, writs, injunctions, rules, regulations, restrictions, permits, plans, authorizations, concessions, investigations, reports, guidelines and requirements or accreditation standards of any Governmental Authority having jurisdiction over the Corporation and/or the Board, or affecting the Facilities.

“**Guaranty**” means any guaranty, loan agreement or other obligation of the Corporation guaranteeing in any manner, whether directly or indirectly, the Indebtedness of any other Person.

“**Hazardous Substances**” means dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances as defined in Environmental Regulations and also any urea formaldehyde, polychlorinated biphenyls, asbestos, asbestos-containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, material, substance, pollutant, or contaminant which would subject the owner or mortgagee or any holder to any damages, penalties or liabilities under any applicable Environmental Regulation.

“**Indebtedness**” means any indebtedness or liability for borrowed money, any installment sale obligation or any obligation under any lease that is capitalized under generally accepted accounting principles and any Guaranty of the foregoing.

“**Land**” shall have the meaning set forth in the Recitals hereof.

“**Lease**” means this Amended and Restated Ground Lease dated as of June __ 2014 by and between the Board, as lessor, on behalf of the University, and the Corporation, as lessee, whereby

the Land upon which the Facilities have been constructed and is leased by the Board to the Corporation.

“**Lender**” means Campus Federal Credit Union, its successors and assigns.

“**Loan Agreement**” means that certain Loan Agreement dated _____, 2014 by and between Lender and the Corporation, the proceeds of which were used by the Corporation to redeem the Bonds.

“**Management Agreement**” means the management agreement dated as of January 1, 2002 between the Management Company and the Corporation, and thereafter, any other agreement between the Management Company and the Corporation or any other management company selected by the Corporation (and acceptable to the Board) for the management of the Facilities.

“**Management Company**” means Campus Living Villages (successor in interest to Century Campus Housing Management L.P.), its successors and assigns, or such other person hired by the Corporation to manage the Facilities.

“**Mortgage**” means the Multiple Indebtedness Mortgage, Assignment of Leases and Security Agreement, dated _____, 2014, by the Corporation in favor of the Lender, mortgaging the Corporation's leasehold interest in and to the Land and its ownership interest in the Facilities, granting a security interest in certain movable property and assigning the Leases and Rents (each as defined in the Mortgage).

“**Option**” shall have the meaning set forth in Section 1.04 hereof.

“**Permitted Use**” means providing housing for: (1) University students, (2) University faculty and staff and guests of the University participating in events or conducting business relating to the University, (3) attendees of conferences and programs sponsored by the University for which any on-campus housing is to be offered, or (4) upon approval by the Board, any student, faculty or staff member of any other public institution of higher learning.

“**Person**” means an individual, a trust, an estate, a Governmental Authority, partnership, joint venture, corporation, company, firm or any other entity whatsoever.

“**Purchase Price**” shall have the meaning set forth in Section 1.04(a) hereof.

“**Rent**” means, collectively, the amounts to be paid by the Corporation to the Board pursuant to Article III of this Lease.

“**Security Deposits**” means the amount of money collected by the Management Company from the tenants of the Facilities to pay for repairs pursuant to the applicable tenant/student lease.

“**State**” means the State of Louisiana.

“**Term**” means the term of this Lease as set forth in Section 1.03 hereof.

“**University**” means Louisiana State University at Eunice, located in Eunice, Acadia Parish, Louisiana.

ARTICLE III
RENT

Section 3.01 Rent. Commencing on January 1, 2015 and thereafter on each January 1 throughout the Term, the Corporation shall pay to the Board, at the address set forth in Section 18.03 or such other place as the Board may designate from time to time in writing, as annual rent for the Land (“Rent”), the sum of \$1.00 per year.

ARTICLE IV USE OF LAND

Section 4.01 Purpose of Lease. The Corporation entered into the Original Lease for the purpose of developing, constructing, and contracting for the operation of the Facilities, which Facilities have been completed and are currently operated by the Corporation pursuant to the terms hereof and the Management Agreement. The Corporation will continue to allow the Facilities to be leased and used only in accordance with the Permitted Use. Except as otherwise provided herein, the Land is to be used for no other purpose.

Section 4.02 Benefit of the Board and the University. The Corporation shall own and lease the Facilities for the support, maintenance or benefit of the Board and the University and the Facilities shall be owned and leased for the Permitted Use and for no other purpose. The use of the Land and the Facilities shall be in accordance with all University rules and regulations.

Section 4.03 Internet Connections. The Board agrees to provide, or cause to be provided at a reasonable rate, a gateway for internet connections to the Corporation for cabling to connect the University's computer system to the Facilities.

Section 4.04 Compliance with Statutory Requirements. Section 3361, et seq. of Title 17 of the Louisiana Revised Statutes prescribes rules and regulations for leases of any portion of the campus by a college or university. By execution of this Lease, the Board represents that it has complied with applicable statutory requirements of such Title 17 including, without limitation:

(a) the Board has adopted and approved the rules, regulations and requirements, relative to the erection, construction and maintenance of the Facilities and acknowledges that they have been duly incorporated into this Lease as required by Section 3362 A of Title 17 of the Louisiana Revised Statutes;

(b) the waiver by written consent of the Board's right to require removal of the Facilities referenced in Section 3362 B of Title 17 of the Louisiana Revised Statutes, except as set forth in this Lease, provided, however, that the Board reserves the right to enforce any and all other available remedies for such default; and

(c) the waiver by consent of the Board's right to require the removal of the Facilities upon failure of the Corporation to conform to rules or regulations relative to the conduct and social activities of people in the Facilities erected on leased ground as permitted by Section 3364 of Title 17 of the Louisiana Revised Statutes, except as set forth in this Lease, provided, however, that the Board reserves the right to enforce any and all other available remedies for such default.

**ARTICLE V
FACILITIES**

Section 5.01 Completion of the Facilities. Reference is hereby made to Article V of the Original Lease setting forth the agreement between the Board and the Corporation with respect to the construction, improvements and equipping of the Facilities. The Board and the Corporation hereby acknowledge that the Facilities were completed in accordance with Article V of the Original Lease.

**ARTICLE VI
ENCUMBRANCES**

Section 6.01 Mortgage of Leasehold or the Facilities. The Corporation shall not mortgage or grant a lien or security interest in the Corporation's leasehold interest in the Land or its ownership interest in the Facilities or any other right of the Corporation hereunder without the prior written consent of the President of the Louisiana State University System. The Board hereby acknowledges and consents to the Corporation's granting of the leasehold mortgage to the Lender pursuant to the Mortgage, which also secures payment of the Corporation's obligations under the Loan Agreement and represents that the President of the Louisiana State University System has provided all necessary consents required in conjunction with the granting of this Mortgage and the related transactions. Any renewals or material amendments to the Mortgage and/or Loan Agreement shall require the consent of the President. Any mortgage of the leasehold interest and the Facilities (and any renewals and amendments) shall remain subject to and subordinate to this Lease.

ARTICLE VII
CERTAIN LIENS PROHIBITED

Section 7.01 No Mechanics' Liens. Except as permitted in Section 7.02 hereof, the Corporation shall not suffer or permit any mechanics' liens or other liens to be enforced against the Board's ownership interest in the Land nor against the Corporation's leasehold interest in the Land or ownership interest in the Facilities by reason of a failure to pay for any work, labor, services, or materials supplied or claimed to have been supplied to the Corporation or to anyone holding the Land or Facilities or any part thereof through or under the Corporation.

Section 7.02 Release of Recorded Liens. If any mechanics' liens or materialmen's liens shall be recorded against the Land or Facilities, the Corporation shall cause the same to be released of record or, in the alternative, if the Corporation in good faith desires to contest the same, the Corporation shall be privileged to do so, but in such case the Corporation hereby agrees to indemnify, defend and save the Board harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and released prior to the execution of such judgment. In the event the Board reasonably should consider the Board's interest endangered by any such liens and should so notify the Corporation and the Corporation should fail to provide adequate security for the payment of such liens in the form of a surety bond, cash deposit or cash equivalent or indemnity agreement reasonably satisfactory to the Board within thirty (30) days after such notice, then the Board, at the Board's sole discretion, may discharge such liens and recover from the Corporation as additional rent under this Lease the amounts paid, with interest thereon from the date paid by the Board until repaid by the Corporation at the rate of ten percent (10%) per annum.

Section 7.03. Memorandum of Recitals. The memorandum of lease to be filed pursuant to Section 18.05 of this Lease and any third-party contract for improvements to the Facilities or to be located on the Land shall clearly state that such third party, or any other party claiming under said third party, shall be on notice that neither the Board nor the Board's property shall have any liability for satisfaction of any claims of any nature in any way arising out of a contract with the Corporation.

ARTICLE VIII
OPERATION AND MANAGEMENT OF FACILITIES

Section 8.01 Operation, Alterations, Maintenance, Repair, Replacement and Security Service.

(a) The Corporation shall be responsible for procuring and maintaining or shall cause to be procured and maintained all services necessary or required in order to adequately operate and maintain the Facilities in accordance with the Permitted Use. The Corporation shall continuously cause to be operated the Facilities from the Effective Date and continuing for the remainder of the Term and shall do so in accordance with all Governmental Regulations and all University rules and regulations. The Corporation has contracted with Campus Living Villages to provide operation and management services for the Facilities. The University and the Board consent to the Corporation's acquisition of operation and management services from Campus Living Villages. If the Management Agreement is terminated for any reason, the Corporation shall retain another company as the Management Company, subject to approval of the Board Representative. The approval of the Management Company may also subject to the terms of the Loan Agreement.

(b) The Corporation shall be responsible for maintaining, repairing and replacing the Facilities and shall make or contract, or cause to be made or contracted, with a suitable contractor for the making of all alterations, repairs, restorations, and replacements to the Facilities, including, without limitation, the heating, ventilating, air conditioning, mechanical, electrical, elevators, plumbing, fire, sprinkler and theft systems, air and water pollution control and waste disposal facilities, structural roof, walls, foundations, fixtures, equipment and appurtenances to the Facilities as and when needed to preserve them in good working order, condition and repair (ordinary wear and tear excepted), regardless of whether such repairs, alterations, restorations or replacements are ordinary or extraordinary, foreseeable or unforeseeable, or are the fault of the Corporation or some other Person. All alterations, repairs, restoration, or replacements shall be of a quality and class equal to or better than the quality and class located in the Facilities as of their completion.

(c) The Corporation shall not have the right to make or construct any material additions, alterations or improvements to the Facilities, attach fixtures, structures, or signs to or on the Facilities, or affix personal property to the Facilities without the Board Representative's prior written consent. All plans for such additions, alterations and improvements shall be submitted to the Board Representative for approval. All such alterations, improvements, additions, attachments, repairs, restorations and replacements of all or any portion of the Facilities shall (i) be at the sole cost and expense of the Corporation; (ii) not reduce the then fair market value of the Facilities; (iii) be constructed in a good and workmanlike manner; and (iv) be in compliance with all Governmental Regulations and University rules and regulations. Non-material additions and improvements may be made without the consent of the Board Representative.

(d) The Corporation shall cause to be provided all custodial service, janitorial service, trash disposal and all other services necessary for the proper upkeep and maintenance of the Facilities as required herein. It is the responsibility of the Board to cause to be provided or to provide for the security of persons on or entering the Facilities and/or property located at the Facilities, consistent with that provided to other University facilities. Access to the Facilities shall be provided to the University for such purpose.

(e) The Corporation shall be responsible for maintaining the grounds and landscaping the Land and shall contract with a suitable contractor for the maintenance thereof.

Section 8.02 Books and Records. The Corporation shall cause to be kept, accurate, full and complete books, including bank statements, and accounts showing exclusively the results of the operation of the Facilities. The Corporation shall cause to be kept, accurate, full and complete books, including bank statements and accounts showing exclusively its assets and liabilities, operations, transactions and the financial condition of the Corporation.

Section 8.03 Audits. The Board may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, bank accounts, records and accounts of the Corporation. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of the Board, by the Louisiana Legislative Auditor or by independent auditors retained by the Board, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs by the Corporation or by another Person on behalf of the Corporation. The Board covenants with the Corporation to keep the results of any such audits confidential except as required by rules and regulations of the Board and by Applicable Laws.

Section 8.04 Inspections. The Board Representative shall have the right to make inspections of the Facilities to ascertain the quality of maintenance being undertaken by or on behalf of the Corporation. Such inspections shall be conducted after reasonable notice to the Corporation and at a reasonable time and in a manner to minimize disruption of the quiet enjoyment of the Facilities by the tenants. Within fifteen (15) days after the inspection, the Board Representative shall meet with the Corporation or the Authorized Corporation Representative and the Management Company, or its authorized representative, to discuss recommendations as to major repairs or replacements deemed reasonably necessary to maintain the Facilities in good operating condition and proper maintenance of the Facilities. To the extent funds are available, the Corporation shall make or cause to be made any recommended repairs, as agreed upon by the Corporation, the Board Representative and the Management Company.

ARTICLE IX MORTGAGE RIGHTS

Section 9.01 Mortgage Rights. For the benefit of the Corporation and the Lender and for so long as the Mortgage remains outstanding, the Board agrees to do the following:

(i) the Board shall not disturb the possession, interest or quiet enjoyment of the Corporation in any manner which would adversely affect the security provided by the Mortgage (except in accordance with the express provisions of this Lease following a default by the Corporation and notice to the Lender and the passage of the Corporation's and the Lender's time to cure).

(ii) This Lease may not be amended, terminated or canceled (except in accordance with the express provisions of this Lease following a default by the Corporation and notice to the Lender and the passage of the Corporation's and the Lender's time to cure) or surrendered, without the prior written consent of the Lender, and any such action taken without the Lender's consent shall not be binding on the Corporation or the Lender.

(iii) The Corporation shall not exercise any option to terminate this Lease pursuant to Article X or otherwise, without the prior written consent of the Lender.

(iv) Notwithstanding anything to the contrary contained in this Lease, to the extent allowed by law, in the event of any casualty, damage, or destruction to any of the Facilities or any Expropriation, the Lender shall be entitled to participate in any settlement regarding insurance proceeds or Award, to collect and hold any such proceeds or Award, and to determine and direct whether any such remaining proceeds or Awards are made available for the restoration of the Facilities or are applied to the repayment of the Indebtedness of the Corporation to the Lender.

(v) The Board will give the Lender written notice of any default by the Corporation under this Lease simultaneously with sending such notice to the Corporation, and no notice of default given to the Corporation shall be effective unless and until such notice shall have been delivered to the Lender.

(vi) The Lender shall be entitled to perform any of the Corporation's covenants or to cure any defaults by the Corporation or to exercise any election, option, or privilege conferred upon the Corporation by the terms of this Lease. In particular, the Board agrees that the Lender shall have the right, but not the obligation, to cure any default by the Corporation under this Lease, and the Lender shall be afforded 60 days to cure any monetary default and 90 days to cure any non-monetary default, provided that if any non-monetary default cannot, with reasonable diligence, be cured within 90 days, the Lender shall have such longer period as may be required for the Lender to cure such non-monetary default, including, without limitation, such time as may be necessary for the Lender to gain possession of the Corporation's interest under this Lease, so long as the Lender promptly commences and diligently pursues cure to completion.

(vii) Except as expressly set forth hereinbelow, the Lender shall have no liability for the payment of Rent or the performance of any of the Corporation's covenants and obligations under this Lease.

(viii) The Board agrees that in the event that this Lease is rejected by a Bankruptcy court, or a court relieves the Corporation from its obligations under this Lease for any reason, including, without limitation, as a result of a default by the Corporation provided for in Sections 10.01(c) or (d), the Board shall (to the extent allowed by law), upon request of the Lender, acknowledge that the rights and obligations under the Lease continue with the Lender, as lessee, and are not impaired as a result of such court action, provided that the Lender (a) cures any monetary default and any non-monetary default that is capable of being cured under this Lease, (b) makes any payments due to the Board under this Lease following such event described above. The parties shall execute an acknowledgement that the Lease continues on the same terms and conditions. Further, in such case, the Board shall disclaim that any ownership interest in the Facilities was vested in the Board as a result of such event.

(ix) If the Lender succeeds to the Corporation's interest under this Lease, the following provisions shall apply: (a) the Board will accept performance by the Lender in lieu of performance by the Corporation; (b) the Lender will be recognized by the Board as lessee under this Lease; (c) title to the Facilities will vest in the Lender; (d) the Board hereby consents to Lender's assignment of its interest in this Lease and in the Facilities, provided any such assignee of the Lender assumes and agrees to be bound by this Lease and the Lease term is not extended; and (e) the Lender will be liable for the performance of the Corporation's obligations under this Lease, including the payment of Rent and other charges, only for those items accruing on or after the date Lender obtains possession, and then only until the Lender so further assigns this Lease. Without limitation, Lender and its assigns shall be bound by the provisions of Sections 4.01 and 8.01(a).

(x) The Lender shall not be subject or subordinate to any mortgage, deed of trust or other encumbrance of the Land granted by the Board.

ARTICLE X
TERMINATION, DEFAULT AND REMEDIES

Section 10.01 Events Of Default. Any one of the following events shall be deemed to be an Event of Default by the Corporation under this Lease.

(a) The Corporation shall fail to pay any sum required to be paid to the Board under the terms and provisions of this Lease and such failure shall not be cured within thirty (30) days after the Corporation's and the Lender's receipt of written notice from the Board of such failure.

(b) The Corporation shall fail to perform any other covenant or agreement, other than the payment of money, to be performed by the Corporation under the terms and provisions of this Lease and such failure shall not be cured within ninety (90) days after the Corporation's and the Lender's receipt of written notice from the Board of such failure; provided that if, during such ninety (90) day period, the Corporation takes action to cure such failure but is unable, by reason of the nature of the work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of a period of time after such ninety (90) day period as may be reasonably necessary to cure such failure.

(c) A court of competent jurisdiction shall enter an order for relief in any involuntary case commenced against the Corporation, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or the entry of a decree or order by a court having jurisdiction over the Facilities appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of or for the Corporation or any substantial part of the properties of the Corporation or ordering the winding up or liquidation of the affairs of the Corporation. and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.

(d) The commencement by the Corporation of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or the consent or acquiescence by the Corporation to the commencement of a case under such Code or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of or for the Corporation or any substantial part of the properties of the Corporation.

Section 10.02 The Board's Rights Upon Default. Subject to the provisions of Article IX hereof, upon the occurrence and during the continuance of an Event of Default, the Board may, at its option, seek any and all damages occasioned by the Event of Default or may seek any other remedies available at law or in equity, including specific performance, or may exercise its Option detailed in Section 1.04 above.

Section 10.03 Termination of Right of Occupancy. Notwithstanding any provision of law or of this Lease to the contrary, except as set forth in Section 1.03 hereof, but only for as long as Mortgage is outstanding and of record, the Board shall not have the right to terminate this Lease prior to the Expiration Date hereof. However, in the event there is an Event of Default by the Corporation hereunder, the Board shall have the right to exercise the remedies set forth below.

Section 10.04 Rights of The Board Cumulative. All rights and remedies of the Board provided for and permitted in this Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. The Board shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein, subject to Section 10.03 hereof. No waiver by the Board of a breach of any of the covenants, conditions or restrictions of this Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of the Board to insist in any one or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future breaches of such covenant or option. Nothing herein shall authorize the termination of the Ground Lease prior to the expiration of the Term, except as provided in this Article X.

ARTICLE XI
TITLE

Section 11.01 Title to Facilities. Title to the Facilities are vested in the Corporation. All furniture, fixtures, equipment and furnishings located on the Facilities, except those owned by tenants, whether permanently attached or otherwise, shall be the property of the Corporation, subject to the provisions of this Lease, provided that all furniture, fixtures, equipment and furnishings owned by the Board shall remain the property of the Board. Subject to the terms of Article IX, upon termination of this Lease, title in the Facilities shall transfer to the Board, and the Corporation shall execute all documents necessary to effectuate such transfer. The conveyance of the Facilities shall be without any warranty as to fitness and condition. In no event shall the Corporation be responsible for any defects in title to the Facilities. Notwithstanding anything to the contrary in this Lease, and provided all amounts due to Lender (or any successor lender) under the Mortgage and Loan Agreement have been paid in full, the Board, acting on behalf of the University, shall have the right to terminate this Lease upon giving the Corporation notice of not less than thirty (30) days but not more than one hundred eighty (180) days. Upon the termination of the Lease, the Facilities shall be forfeited to University and no compensation for the value of the Facilities shall be due to the Corporation

ARTICLE XII EXPROPRIATION OR CASUALTY

Section 12.01 Expropriation. Casualty and Other Damage. The risk of loss or decrease in the enjoyment and beneficial use of the Facilities due to any damage or destruction thereof by acts of God, fire, flood, natural disaster, the elements, casualties, thefts, riots, civil strife, lockout, war, nuclear explosion or otherwise (collectively “Casualty”) or in consequence of any foreclosures, attachments, levies or executions; or the Expropriation of all or any portion of the Facilities is expressly assumed by the Corporation. The Board shall in no event be answerable, accountable or liable for any of the foregoing events.

Section 12.02 Application of Insurance Proceeds: Expropriation Award. If all or any portion of the Facilities is damaged or destroyed by a Casualty or is taken by Expropriation proceedings, the Corporation shall, upon receipt of notice from the Board instructing the Corporation to do so, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair, restoration, or replacement thereof, provided, however, that the Corporation shall in no way be liable for any costs of the repair, restoration or replacement of the Facilities in excess of the proceeds of any insurance or of any Award received because of such Casualty or Expropriation. To the extent provided by law, the proceeds of any insurance, including the proceeds of any self-insurance fund, or of any Award or payment in lieu of Expropriation, received on account of any damage, destruction or Expropriation of all or any portion of the Facilities shall be delivered to the Lender and held by the Lender in a special account to be established upon receipt of any such funds and held by the Lender in trust, and shall be made available for, and to the extent necessary be applied to, such restoration, repair and replacement. Any amounts so held by the Lender shall be disbursed to pay the costs of restoration, replacement and repair of the Facilities with respect to which they are held, in each case promptly after receipt of a written request of the Corporation stating that the amount to be disbursed pursuant to such request will be used to pay costs of replacing or repairing or restoring the Facilities and that no amount previously has been disbursed by the Lender for payment of the costs to be so paid and as otherwise required by the Loan Agreement or Mortgage. In making such payments, the Lender may conclusively rely upon such written requests and shall have no liability or responsibility to investigate any matter stated therein, or for any inaccuracy or misstatement therein. In no event shall the Lender be responsible for the adequacy of the plans and specifications or construction contract relating to the replacement, restoration, or repair of the Facilities, or for the improper use of moneys properly disbursed pursuant to request made under this Section. Any proceeds remaining on deposit with Lender following completion of the repairs, restoration or replacement of the Facilities shall be used to prepay the indebtedness of the Corporation pursuant to the Loan Agreement.

Section 12.03 Termination of Lease and Additional Land

(a) Upon the permanent Expropriation of all the Land and the Facilities, this Lease shall terminate and expire as of the date of such Expropriation, and both the Corporation and the Board shall thereupon be released from any liability thereafter accruing hereunder except for Rent and all other amounts secured by this Lease to the Board apportioned as of the date of the Expropriation or the last date of occupancy, whichever is later. The Board shall notify the Corporation immediately upon its knowledge of any proceedings relating to an Expropriation and the Corporation shall have the right to participate therein.

(b) Upon a temporary Expropriation or a Expropriation of less than all of the Land, the Board, at its election, may terminate this Lease by giving the Corporation notice of its election to terminate at least sixty (60) days prior to the date of such termination if the Board reasonably determines that the Facilities cannot be economically and feasibly used. Upon any such termination, the Rent accrued and unpaid hereunder shall be apportioned to the date of termination.

(c) In the event it is necessary to restore or replace the Facilities in a different location because of the Expropriation of all or a portion of the Facilities and the Land, the Corporation and the Board agree to amend this Lease or enter into a new ground lease covering such alternate location on the Campus. In the event of such a change of location and if at such time the indebtedness to the Lender is still outstanding, such alternate location shall be subject to the Lender's approval and the Facilities constructed and owned by the Corporation thereon, as well as the leasehold interest in the property on which the new Facilities are located, shall be mortgaged to Lender to secure the Corporation's indebtedness to the Lender.

(d) In the event the Corporation, pursuant to this Lease, elects not to repair, restore or replace the Facilities for any reason, all insurance proceeds received or payable as a result of such Casualty, or all proceeds received or payable as a result of the Expropriation proceedings (including Award payments received or payable in lieu of Expropriation) shall be paid to the Lender and applied to the prepayment of the Indebtedness of the Corporation to the Lender in accordance with the terms of the Loan Agreement and Mortgage, and this Lease shall terminate.

Section 12.04 Insufficiency of Proceeds. In the event the proceeds of any insurance, and any additional funds deposited with the Lender, are insufficient to fully repair, restore or replace the Facilities, and are not supplemented with sufficient funds, the proceeds shall be paid to the Lender and used to prepay the Indebtedness of the Corporation to the Lender.

ARTICLE XIII
ASSIGNMENT, SUBLETTING, AND TRANSFERS
OF THE CORPORATION'S INTEREST

Section 13.01 Assignment of Leasehold Interest. Except in connection with an assignment by the Lender as contemplated by Article IX hereof, the Corporation shall not have the right to sell or assign the leasehold estate created by this Lease, its ownership interest in the Facilities or the other rights of the Corporation hereunder to any Person without the prior written consent of the President of the Louisiana State University System.

Section 13.02 Transfers of the Corporation's Interest. Except as otherwise expressly provided herein, any Person succeeding to the Corporation's interest as a consequence of any permitted conveyance, transfer or assignment shall succeed to all of the obligations of the Corporation hereunder and shall be subject to the terms and provisions of this Lease.

ARTICLE XIV
COMPLIANCE CERTIFICATES

Section 14.01 The Corporation's Compliance. The Corporation agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by the Board, to execute, acknowledge and deliver to the Board or to such other party as the Board shall request, a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of the Corporation to be performed (and if so specifying the same), (c) the dates to which the Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of the Board's Interest or by any other Person.

Section 14.02 The Board's Compliance. The Board agrees, at any time and from time to time, upon not less than thirty (30) days prior written notice by the Corporation, to execute, acknowledge and deliver to the Corporation a statement in writing addressed to the Corporation or to such other party as the Corporation shall request, certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Rent and other charges have been paid; (c) to the best of its knowledge after due inquiry, whether an Event of Default has occurred and is continuing hereunder (and if an Event of Default has occurred, stating the nature of any such Event of Default); and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective (and permitted) assignee, sublessee or mortgagee of this Lease or by any assignee or prospective assignee of any such permitted mortgage or by any undertenant or prospective undertenant of the whole or any part of the Facilities, or by any other Person succeeding to the Corporation's interest in and to the Facilities and this Lease with the consent of the Board.

**ARTICLE XV
TAXES AND LICENSES**

Section 15.01 Payment of Taxes. The Corporation shall pay, and, upon request by the Board, shall provide evidence of payment to the appropriate collecting authorities of, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon the Corporation's interest in the Facilities or upon any of the Corporation's property used in connection therewith. The Corporation may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of the Corporation to pay taxes and fees under this Section 15.01 shall apply only to the extent that the Board or the Corporation are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated. The Board and the Corporation agree to cooperate fully with each other to the end that tax exemptions available with respect to the Land and the Facilities under Applicable Law are obtained by the party or parties entitled thereto.

Section 15.02 Contested Tax Payments. The Corporation shall not be required to pay, discharge or remove any such taxes or assessments so long as the Corporation is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. The Board shall cooperate with the Corporation in completing such contest, and the Board shall have no right to pay the amount contested during the contest. The Board, at the Corporation's expense, shall join in any such proceeding if any law shall so require.

ARTICLE XVI
FORCE MAJEURE

Section 16.01 Discontinuance During Force Majeure. Whenever a period of time is herein prescribed for action to be taken by the Corporation, the Corporation shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure. The Board shall not be obligated to recognize any delay caused by Force Majeure unless the Corporation shall, within ten (10) days after the Corporation is aware of the existence of an event of Force Majeure, notify the Board thereof.

ARTICLE XVII INSURANCE

Section 17.01 Insurance Requirements. The Corporation shall secure and maintain or cause to be secured and maintained at the Corporation's sole cost and expense:

(a) A policy or policies covering the Facilities against loss or damage by fire, lightning, earthquake, collapse, vandalism and malicious mischief, flood and storm surge, and against such other perils as are included in so-called "extended coverage" and against such other insurable perils as, under good insurance practice, from time to time are insured for properties of similar character and location, which insurance shall be not less than the greater of the amount of the loan evidenced by the Loan Agreement or one hundred percent (100%) of the full replacement cost of the Facilities, without deduction for depreciation, but in no event shall the amount of the insurance be at any time less than the full replacement costs of the Facilities, adjusted to comply with any applicable co-insurance provisions of such insurance policy. The policy or policies covering such loss must explicitly waive any co-insurance penalty.

(b) A policy of comprehensive general liability insurance with respect to the Facilities and the operations related thereto, whether conducted on or off the Facilities, against liability for personal injury (including bodily injury and death) and property damage, of not less than \$6,750,000 in combined single limit liability coverage. Such comprehensive general liability insurance shall specifically include, but shall not be limited to, sprinkler leakage legal liability, water damage legal liability, and motor vehicle liability for all owned and non-owned vehicles, including rented or leased vehicles.

(c) Boiler and machinery insurance coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus, but only if steam boilers, pressure vessels or similar apparatus are installed on the Facilities, in an amount not less than \$5,000,000 with deductible provisions not exceeding \$100,000 per accident.

(d) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Labor Code of the State, or any act hereafter enacted as an amendment thereto or in lieu thereof, such worker's compensation insurance to cover all persons employed by the Corporation in connection with the Facilities and to cover full liability for compensation under any such act aforesaid.

(e) During the period of any construction, Builder's Risk-Completed Value Form Property insurance covering all physical loss or damage to the Facilities covered by the extended coverage endorsement then in use in the State (including vandalism and malicious mischief) in an amount not less than full replacement value; and

(f) Rental Interruption Insurance covering loss of rents by the Corporation by reason of total or partial suspension of, or interruption in, the operation of the Facilities caused by the damage or destruction of the Facilities in an amount equal to twelve (12) months rental revenue.

Section 17.02 Policy Requirements. Except as provided in Section 17.01, all insurance required in this Section and all renewals of such insurance shall be issued by companies authorized

to transact business in the State, and rated at least A- Class VIII by Best's Insurance Reports (property liability) or in the two highest rating categories of S&P and Moody's. All insurance policies provided by or on behalf of the Corporation shall expressly provide that the policies shall not be canceled or altered without thirty (30) days' prior written notice to the Board, and shall, to the extent obtainable, provide that no act or omission of the Corporation which would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained and that no insurer shall hold any right of subrogation against the other, except in the case that such waiver of subrogation invalidates coverage under such policy.

All policies of insurance that the Corporation is obligated to maintain according to this Lease (other than any policy of worker's compensation insurance) will name the Board, the Corporation, the Lender and such other Persons or firms as the Board specifies from time to time as additional insureds loss payee (as applicable). Original or copies of original policies (together with copies of the endorsements naming the Board, and any others specified by the Board, as additional insureds) and evidence of the payment of all premiums of such policies will be delivered to the Board from time to time at least thirty (30) days prior to the expiration of the term of each policy. All general liability, property damage liability and casualty policies maintained by the Corporation shall be written as primary policies, not contributing with and not in excess of coverage that the Board may carry, if any. The Corporation's participation in coverage through the Louisiana Office of Risk Management shall be deemed to comply with this and other insurance requirements in this Lease, provided, however, that the Board may require additional insurance.

Proceeds of insurance received and/or the amount of any loss that is self-insured with respect to destruction of or damage to any portion of the Facilities by Casualty or other event shall be paid to the Lender for application in accordance with the provisions of Article XII of this Lease and the Loan Agreement and Mortgage.

**ARTICLE XVIII
MISCELLANEOUS**

Section 18.01 Nondiscrimination, Employment and Wages. Any discrimination by the Corporation or its agents or employees on account of race, color, sex, age, religion, national origin or handicap, in employment practices or in the performance of the terms, conditions, covenants and obligations of this Lease, is prohibited.

Section 18.02 Access. The Corporation shall permit the Board's agents, representatives or employees to enter the Facilities at reasonable times for the purpose of review and inspection as provided in this Lease, to determine whether the Corporation is in compliance with the terms of this Lease, or for other reasonable purposes. Subject to the rights of the Board to observe and enforce its applicable rules and policies, the Board, its agents, representatives and employees shall not disturb construction on the Land and shall use best efforts to not disturb the tenants of the Facilities. Entry onto the Land or the Facilities by the Board or its agents, representatives or employees shall be at their sole risk and the Corporation shall not have any liability to the Board for any damage to its agents, representatives or employees resulting from their entry onto the Land or the Facilities.

Section 18.03 Notices. Notices or communications to the Board or the Corporation required or appropriate under this Lease shall be in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) registered or certified United States mail, postage prepaid, or (d) telecopy if confirmed by expedited delivery service or by mail in the manner previously described, addressed as follows:

If to the Board:

Board of Supervisors of Louisiana State University
and Agricultural and Mechanical College
3810 West Lakeshore Drive.
Baton Rouge, Louisiana 70808
Attention: Vice President for Property,
Facilities and Administration
of the Louisiana State University System

with copies to:

Louisiana State University at Eunice
P.O. Box 1129
Eunice, Louisiana 70535
Attention: Vice Chancellor for Business Affairs
Taylor, Porter, Brooks and Phillips, LLP P.O. Box 2471
Baton Rouge, Louisiana 70821
Attention: Nancy Dougherty

If to the Corporation:

Eunice Student Housing Foundation, Inc.
211 N. Second Street Eunice, Louisiana 70535
Attention: Chairman

with a copy to:

Adams and Reese
450 Laurel Street, Suite 1900
Baton Rouge, Louisiana 70801
Attention: C. Stokes McConnell, Jr.

and with copy to:

Campus Federal Credit Union
P.O. Box 98036
Baton Rouge, LA 70898
Attention: Mr. Jay Noel

or to such other address or to the attention of such other person as hereafter shall be designated in writing by such party. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of deposit in the mail in the manner provided herein, or in the case of telecopy, upon receipt. Any notice provided by the Board to the Corporation shall also be provided to the Lender for delivery to P.O. Box 98036, Baton Rouge, Louisiana, attention: Mr. Jay Noel.

Section 18.04 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any acts of the parties hereto creates a relationship other than the relationship of the Board and the Corporation.

Section 18.05 Memorandum of Lease. Neither the Board nor the Corporation shall file this Lease for record in Acadia Parish, Louisiana or in any public place without the written consent of the other. In lieu thereof the Board and the Corporation agree to execute in recordable form a memorandum of this Lease in the form of **Exhibit C** attached hereto. Such memorandum shall be filed for record in Acadia Parish, Louisiana.

Section 18.06 Attorney's Fees. If either party is required to commence legal proceedings relating to this Lease, to the extent allowed by law, the prevailing party shall be entitled to receive reimbursement for its reasonable attorneys' fees and costs of suit.

Section 18.07 State Law to Apply. This Lease shall be construed under and in accordance with the laws of the State, and all obligations of the parties created hereunder are performable in Acadia Parish, Louisiana.

Section 18.08 Warranty of Peaceful Possession. The Board covenants that the Corporation, on paying the Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by the Corporation, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Land during the Term and may exercise all of its rights hereunder: and the Board agrees to warrant and forever defend the Corporation's right to such occupancy, use, and enjoyment and the title to the Land against the claims of any and all persons whomsoever lawfully claiming the same. or any part thereof, subject only to the provisions of this Lease and the matters listed on **Exhibit B** attached hereto.

Section 18.09 Curative Matters. Except for the express representations and warranties of the Board set forth in this Lease, any additional matters necessary or desirable to make the Land useable for the Corporation's purpose shall be undertaken, in the Corporation's sole discretion, at no expense to the Board. The Corporation shall notify the Board in writing of all additional matters (not contemplated by the Plans and Specifications) undertaken by the Corporation to make the Land usable for the Corporation's purpose.

Section 18.10 Non-waiver. No waiver by the Board or the Corporation of a breach of any of the covenants, conditions, or restrictions of this Lease shall constitute a waiver of any subsequent breach of any of the covenants, conditions or restrictions of this Lease. The failure of the Board or the Corporation to insist in any one or more cases upon the strict performance of any of the covenants of the Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by the Board or acceptance of payment by the Board of Rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach. No waiver, change, modification or discharge by the Board or the Corporation of any provision of this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

Section 18.11 Terminology. Unless the context of this Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; (d) the words "hereof," "herein," "hereunder," and similar terms in this Lease shall refer to this Lease as a whole and not to any particular section or article in which such words appear unless specifically stated. The section, article and other headings in this Lease and the table of contents to this Lease are for reference purposes and shall not control or affect the renovation of this Lease or the interpretation hereof in any respect. Article, section and subsection and exhibit references are to this Lease unless otherwise specified. All exhibits attached to this Lease constitute a part of this Lease and are incorporated herein. All references to a specific time of day in this Lease shall be based upon Central Standard Time (or the other standard of measuring time then in effect in Eunice, Louisiana).

Section 18.12 Counterparts. This agreement may be executed in multiple counterparts, each of which shall be declared an original.

Section 18.13 Severability. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that

event, it is the intention of the parties hereto that the remainder of Lease shall not be affected thereby.

Section 18.14 Authorization. By execution of this Lease, the Corporation and the Board each represent to the other that they are entities validly existing, duly constituted and in good standing under the laws of the jurisdiction in which they were formed and in which they presently conduct business, that all acts necessary to permit them to enter into and be bound by this Lease have been taken and performed: and that the persons signing this Lease on their behalf have due authorization to do so.

Section 18.15 Ancillary Agreements. In the event it becomes necessary or desirable for the Board to approve in writing any ancillary agreements or documents concerning the Land or concerning the construction, operation or maintenance of the Facilities or to alter or amend any such ancillary agreements between the Board and the Corporation or to give any approval or consent of the Board required under the terms of this Lease, all agreements, documents or approvals shall be forwarded to the Board Representative for approval.

Section 18.16 Amendment. No amendment, modification, or alteration of the terms of this Lease shall be binding unless the same be in writing dated on or subsequent to the date hereof and duly executed by the parties hereto and consented to by the Lender.

Section 18.17 Successors and Assigns. All of the covenants, agreements, terms and conditions to be observed and performed by the parties hereto shall be applicable to and binding upon their respective successors and assigns including any successor by merger or consolidation of the University into another governing board or the Board into another educational management board.

Section 18.18 Entire Agreement. This Lease and the exhibits attached hereto, contain the entire agreement between the parties hereto with respect to the Land and contain all of the terms and conditions agreed upon with respect to the lease of the Land, and no other agreements, oral or otherwise, regarding the subject matter of this Lease shall be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written.

Section 18.19 Consent of the Board. Except with respect to the consents required pursuant Article VI hereof, where the consent of the Board is required pursuant to this Lease, the Board hereby authorizes the Board Representative to give such consent, in his reasonable discretion.

Section 18.20 Conflict Resolution. In the event of a conflict between the terms of Article XII (Expropriation or Casualty) or XVII (Insurance) of this Lease and the terms of the Loan Agreement, the terms of the Loan Agreement shall control and supersede for so long as the Indebtedness represented by the Loan Agreement remains outstanding.

Section 18.21 Exculpatory Provision. In the exercise of the powers of the Corporation by its trustees, officers, employees and agents under this Lease and the Indenture, such persons shall not be personally accountable or liable to the Board (i) for any actions taken or omitted by its officers, employees or agents in good faith and believed by it or them to be authorized or within their discretion

or rights or powers conferred upon them, or (ii) for any claims based on this Lease against any officer, employee or agent of the Corporation in his or her personal capacity, all such liability, if any, being expressly waived by the Board by the execution of this Lease.

The Board specifically agrees to look solely to the Corporation's interest in the Facilities for the recovery of any judgments from the Corporation. It is agreed that the Corporation will not be personally liable for any such judgments, or incur any pecuniary liability as a result of this Lease to the Board, or the breach of its obligations hereunder. The Corporation's liability under this Lease is **“in rem”** as to its interest in the Facilities. The provisions contained in the preceding sentences are not intended to and will not limit any right that the Board might otherwise have to obtain injunctive relief against the Corporation or relief in any suit or action in connection with enforcement or collection of amounts that may become owing or payable under or on account of insurance maintained by the Corporation.

SIGNATURE PAGE TO AMENDED AND RESTATED GROUND LEASE

IN WITNESS WHEREOF, the undersigned representative has executed this Lease on behalf of Eunice Student Housing Foundation, Inc., on the _____ day of _____, 2014, but effective as of _____, 2014.

WITNESSES:

EUNICE STUDENT HOUSING
FOUNDATION, INC.

By: _____
Name:
Title:

SIGNATURE PAGE TO AMENDED AND RESTATED GROUND LEASE

IN WITNESS WHEREOF, the undersigned representative has executed this Lease on behalf of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College on the _____ day of _____ day of _____, 2014, but effective as of _____, 2014.

WITNESSES:

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

By: _____
Name: F. King Alexander
Title: President

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BE IT KNOWN, that on this _____ day of _____, 2014, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:

F. King Alexander

to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the President of Louisiana State University, and that the aforesaid instrument was signed by him, on this date, on behalf of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the "Board") and that the above named person acknowledges the approval of said instrument to be the free act and deed of the Board.

WITNESSES:

Name: F. King Alexander
Title: President

NOTARY PUBLIC

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BE IT KNOWN, that on this _____ day of _____, 2014, before me, the undersigned authority, duly commissioned, qualified and sworn within and for the State and Parish aforesaid, personally came and appeared:

to me known to be the identical person who executed the above and foregoing instrument, who declared and acknowledged to me, Notary, in the presence of the undersigned competent witnesses, that he is the Chairman of Eunice Student Housing Foundation, Inc. (the "Corporation"), and that the aforesaid instrument was signed by him, on this date, on behalf of the Corporation and that the above named person acknowledges the approval said instrument to be the free act and deed of the Corporation.

WITNESSES:

Name:
Title:

NOTARY PUBLIC

EXHIBIT A

PROPERTY DESCRIPTION

That certain portion of ground, together with all the rights, ways, servitudes, and privileges, situated in Section 2, T-7-S, R-1-W, City of Eunice, Acadia Parish, Louisiana, containing 5.33 acres of ground, being more particularly described as follows:

Commencing at the northeast corner of the LSU-E Campus and a point located on the western right-of-way of La. Highway 755, located approximately 135.4' north of the centerline of LSU-E North Campus Drive, thence N 89°28'00" W a distance of 1163.45 feet to a point on the property line between LSU-E Campus and LaFleur and Lalonde Subdivision, thence S 1°01'56" W a distance of 174.13 feet to a point of beginning, thence S 01°01'56" W a distance of 336.67 feet to a point, thence N 89°27'38" W parallel to the centerline of Center Street a distance of 19.00 feet to a point, thence S 01°01'56" W a distance of 12.00 to a point, thence N 89°27'38" W parallel to the centerline of Center Street a distance of 212.80' to a point, thence N 00°32'22" E a distance of 128.90 feet to a point, thence N 89°27'38" W a distance of 400.00 feet to a point, thence S 00°32'22" W a distance of 128.90 feet to a point located 30 feet north of the centerline of Center Street, thence N 89°27'38" W a distance of 190.00 feet to a point, thence N 01°18'07" E, parallel to the centerline of Campus Drive a distance of 310.16 feet to a point, thence 53.55' along an arc with a radius of 34.51 feet said arc being more fully described by its cord of N 45°45'40" E a distance of 48.34 feet to a point, thence S 89°47'12" E parallel to the centerline of North Campus Drive a distance of 786.37 feet to a point being the point of beginning.

[SITE PLAN AND DESCRIPTION OF FACILITIES]

EXHIBIT B

PERMITTED LIENS

1. Mineral reservation appearing in deed from Adeline A. LeDoux et al in favor of Board of Supervisors of Louisiana State University and Agricultural and Mechanical College dated August 24, 1965, and recorded in the Conveyance Records of Acadia Parish, Louisiana, in Conveyance Book Y-24, page 162. The deed stipulates that no drilling will be conducted on the property.

2. Personal Servitude and Right of Way Agreement from Board of Supervisors of Louisiana State University and Agricultural and Mechanical College in favor of St. Landry Cable TV, Inc. dated October 15, 1991, and recorded in Conveyance Book X-50, page 894 of the records of Acadia Parish, Louisiana.

3. Gas lines as shown on plat of survey of the Land, as shown on survey of Sellers and Association, Inc., dated October 27, 2000, last revised December 28, 2001.

MEMORANDUM OF LEASE

Louisiana State University System

Lessee: Eunice Student Housing Foundation, Inc.
211 N. Second Street
Eunice, Louisiana 70535
Attention: Chairman

This Memorandum is executed for the purpose of recordation in the public records of Acadia Parish, Louisiana in order to give notice of all the terms and provisions of the Lease and is not intended and shall not be construed to define, limit, or modify the Lease. All of the terms, conditions, provisions and covenants of the Lease are incorporated into this Memorandum by reference as though fully set forth herein, and both the Lease and this Memorandum shall be deemed to constitute a single instrument or document.

SIGNATURE PAGE TO MEMORANDUM OF LEASE

THUS DONE AND PASSED on the _____ day of _____, 2014, in Baton Rouge, Louisiana, in the presence of the undersigned, both competent witnesses, who herewith sign their names with _____, _____ of Eunice Student Housing Foundation, Inc., and me, Notary.

WITNESSES:

EUNICE STUDENT HOUSING
FOUNDATION, INC.

Name:

Title:

NOTARY PUBLIC

SIGNATURE PAGE TO MEMORANDUM OF LEASE

THUS DONE AND PASSED on the _____ of _____, 2014, in Baton Rouge, Louisiana, in the presence of the undersigned, both competent witnesses, who herewith signs his name with the Authorized Representative of Louisiana State University and Agricultural and Mechanical College and me, Notary.

WITNESSES:

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

By: _____
Name: F. King Alexander
Title: President

NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION

That certain portion of ground, together with all the rights, ways, servitudes, and privileges, situated in Section 2, T-7-S, R-1-W, City of Eunice, Acadia Parish, Louisiana, containing 5.33 acres of ground, being more particularly described as follows:

Commencing at the northeast corner of the LSU-E Campus and a point located on the western right-of-way of La. Highway 755, located approximately 135.4' north of the centerline of LSU-E North Campus Drive, thence N 89°28'00" W a distance of 1163.45 feet to a point on the property line between LSU-E Campus and LaFleur and Lalonde Subdivision, thence S 1°01'56" W a distance of 174.13 feet to a point of beginning, thence S 01°01'56" W a distance of 336.67 feet to a point, thence N 89°27'38" W parallel to the centerline of Center Street a distance of 19.00 feet to a point, thence S 01°01'56" W a distance of 12.00 to a point, thence N 89°27'38" W parallel to the centerline of Center Street a distance of 212.80' to a point, thence N 00°32'22" E a distance of 128.90 feet to a point, thence N 89°27'38" W a distance of 400.00 feet to a point, thence S 00°32'22" W a distance of 128.90 feet to a point located 30 feet north of the centerline of Center Street, thence N 89°27'38" W a distance of 190.00 feet to a point, thence N 01°18'07" E, parallel to the centerline of Campus Drive a distance of 310.16 feet to a point, thence 53.55 along an arc with a radius of 34.51 feet said arc being more fully described by its cord of N 45°45'40" E a distance of 48.34 feet to a point, thence S 89°47'12" E parallel to the centerline of North Campus Drive a distance of 786.37 feet to a point being the point of beginning.

LANDLORD ESTOPPEL AND CONSENT

“Lease”	Ground lease agreement described on Exhibit A
“Landlord”	Board of Supervisors of Louisiana State University and Agricultural and Mechanical College
“Tenant”	Eunice Student Housing Foundation, Inc.
“Premises”	Property described on Exhibit B
Property Address	Eunice, LA

Campus Federal Credit Union (individually and as agent on behalf of itself and other lenders, together with its respective participants, successors and assigns, collectively, **“Campus Federal”**) may provide certain financing arrangements (**“Financing Arrangements”**) to Tenant. In connection with the Financing Arrangements, Tenant shall grant to Campus Federal, among other things, a Multiple Indebtedness Mortgage (the **“Mortgage”**) encumbering Tenant’s rights under the Lease, grant a security interest in the Equipment, General Intangibles and Fixtures of Tenant (as defined below), and grant a security interest in all leases and rents in connection with the Mortgaged Property (as defined in the Mortgage) (collectively, the **“Collateral”**). As a condition precedent to providing said Financing Arrangements, Campus Federal is requiring that Tenant obtain Landlord’s acknowledgement and agreement with respect to certain matters pertaining to the Lease, as more particularly set forth in this Landlord Estoppel and Consent (this **“Agreement”**). Landlord and Tenant hereby represent, acknowledge, confirm to and agree for the benefit of Campus Federal for as long as any indebtedness is outstanding, as follows:

1. Premises and Lease: Landlord is: (i) the sole owner of the fee interest in the Premises (being the land and excluding any improvements) demised to Tenant pursuant to the Lease; and (ii) the current holder of the landlord’s interest under the Lease.
2. Entire Agreement: The Lease (as described above) constitutes the entire agreement and understanding of the Landlord and Tenant with respect to the Premises.
3. No Default: To the best of Landlord’s and Tenant's knowledge, respectively: (i) neither Landlord nor Tenant are in breach or default under any of the terms and conditions of the Lease; (ii) no event or circumstance has occurred or exists which, with the passage of time and/or the giving of notice or both, would constitute a breach or default under the Lease; and (iii) neither Landlord nor Tenant has given or received any notice of any breach or default under the Lease which has not heretofore been satisfactorily cured.
4. No Termination Event: Neither Landlord nor Tenant has taken, nor does either currently anticipate taking, any action to, or that would, terminate the Lease.
5. Subordination with respect to certain items: Notwithstanding anything to the contrary set forth in the Lease, Landlord hereby agrees that all of Tenant's now owned or hereafter acquired, Equipment, Fixtures or General Intangibles (as defined in the UCC) which may be located on the Premises shall remain the personal property of the Tenant and shall not become a fixture or part of the realty notwithstanding anything that may be implied by law from the mode of attachment, installation or otherwise. Landlord further agrees that any statutory, common law, contractual, possessory or other liens or encumbrances that Landlord has or hereafter may have against any or all of the Equipment, Fixtures, General Intangible, or in the leases and rents in connection with the operation of the Premises, is subordinated to

any lien or security interest now or subsequently held by Campus Federal in any of such items of Collateral. "UCC" means the Uniform Commercial Code, Commercial Laws – Secured Transactions (Louisiana Revised Statutes 10:9-101 through 9-710) in the State of Louisiana, as amended from time to time; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the Security Interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Louisiana, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

6. Foreclosure of Campus Federal's Lien on Collateral: Landlord agrees that if Campus Federal enforces its security interest in any Collateral, including its interest in the leasehold estate, or pursuant to an assignment of the leases and rents, Campus Federal shall be entitled to such rights contained in Article IX of the Lease.
7. Consent: Landlord hereby consents to Campus Federal: (i) obtaining a security interest in the Collateral as aforesaid including obtaining a security interest in the leasehold estate in the Lease created pursuant to that certain Multiple Indebtedness Mortgage encumbering the Mortgaged Property, and an assignment of the leases and rents; (iii) recording such documents and instruments as Campus Federal may deem necessary or desirable to create and perfect its security interest in the Collateral; and (iv) enforcing and foreclosing upon its security interest in the Collateral without any further consent of Landlord, provided that in no event shall such security interest in the Collateral be deemed to extend to the fee interests of Landlord in the Premises. Landlord further agrees that no default or right of termination shall arise under the Lease as a result of any of the foregoing.
8. Attorn: In the event Landlord sends any notice to Tenant pursuant to the Lease ("**Notice**"), including, without limitation, a notice of default or notice of termination due to an Event of Default (as defined in the Lease), Landlord will send a contemporaneous, duplicate copy of such Notice to Campus Federal.
9. Casualty: In the event of any fire or other casualty of the Mortgaged Property (or any part thereof) (or sale or assignment in lieu thereof), insurance proceeds shall be applied as provided under the Financing Arrangements.
10. Successor Tenant: In the event that Campus Federal succeeds to the interest of the Tenant under the Lease, or if anyone else acquires title to or the right to possession of the Premises upon the foreclosure of the Financing Arrangement(s) (hereinafter collectively referred to in this paragraph as "**Successor Tenant**"), Successor Tenant and Landlord hereby agree to recognize one another as tenant and landlord, respectively, under the Lease and to be bound to one another under all of the terms, covenants and conditions of the Lease, and Successor Tenant shall assume all of the obligations of the Tenant under the Lease. Accordingly, from and after such event, Successor Tenant and Landlord shall have the same remedies against each other for the breach of an agreement contained in the Lease as Tenant and Landlord had before Successor Tenant succeeded to the interest of the Tenant; provided, however, that Successor Tenant shall not be: (a) liable for any act or omission of any prior Tenant other than the payment of rent; or (b) subject to claims that Landlord might have against any prior tenant; or (c) bound by any amendment or modification of the Lease made after the date of this Agreement without Campus Federal's prior written consent.

Although the foregoing provisions of this Agreement shall be self-operative, Landlord agrees to execute and deliver to Campus Federal or to any person to whom Landlord herein agrees to attorn,

such other instrument or instruments as Campus Federal or such other person shall from time to time request in order to confirm such provision

11. Amendment: Landlord shall not cancel, terminate, or amend or modify the Lease without the prior written consent of Campus Federal. Any material amendments to the Financing Arrangements shall require the consent of the president of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.
12. Counterparts: This Agreement may be executed in one or more counterparts (whether by facsimile or otherwise), each of which shall be deemed an original, and which together shall constitute one and the same instrument.
13. Reliance; Binding Nature: This Agreement, and the representations and agreements made herein, are given with the understanding that: (i) this Agreement constitutes a material inducement for Campus Federal to provide the Financing Arrangements to Tenant; (ii) Campus Federal shall rely on this Agreement in providing the Financing Arrangements to Tenant; and (iii) this Agreement shall inure to the benefit of and be binding upon Landlord, Tenant, Campus Federal and their respective successors and assigns.
14. Conflict Resolution: In the event of a conflict between the provisions of this Agreement and those contained in Article XII and/or Article XVII of the Lease, the provisions of this Agreement shall control and supersede those terms in Article XII or Article XVII of the Lease.
15. Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction in which the Premises is located.
16. Notice: Any Notice which is to be given shall be deemed to have been sufficiently given and served for all purposes (if mailed) three calendar days after being deposited, postage prepaid, in the United States Mail, registered or certified mail, or (if delivered by express courier) one Business Day after being delivered to such courier, or (if delivered in person) the same day as delivery, in each case addressed (until another address or addresses is given in writing by a party) follows:

If to Landlord:

Board of Supervisors of Louisiana State University
and Agricultural and Mechanical College
3810 West Lakeshore Drive.
Baton Rouge, Louisiana 70808
Attention: Vice President for Property,
Facilities and Administration
of the Louisiana State University System

WITH COPY TO:

Louisiana State University at Eunice
P.O. Box 1129
Eunice, Louisiana 70535
Attention: Vice Chancellor for Business Affairs
Taylor, Porter, Brooks and Phillips, LLP P.O. Box 2471
Baton Rouge, Louisiana 70821
Attention: Nancy Dougherty

If to Campus Federal:

CAMPUS FEDERAL CREDIT UNION
P.O. Box 98036

Baton Rouge, LA 70898
Attn: Jules "Jay" Noel

WITH COPY TO:

Phelps Dunbar LLP
400 Convention Street, Suite 1100
Baton Rouge, LA 70802
Attn: Randy P. Roussel

[Signatures follow]

SIGNATURE PAGE TO LANDLORD ESTOPPEL BETWEEN CAMPUS FEDERAL CREDIT UNION AND THE BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL DATED JUNE __, 2014.

IN WITNESS WHEREOF, the parties have hereto have caused this instrument to be duly executed as of the date first written above.

LENDER:

CAMPUS FEDERAL CREDIT UNION

By: _____
Name:
Title:

IN WITNESS WHEREOF, Landlord has executed and delivered this Agreement effective as of this ____ day of June, 2014.

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

By: _____
Name: F. King Alexander
Title: President

Exhibit A

“Ground Lease” means that certain Amended and Restated Ground Lease Agreement by and between Eunice Student Housing Foundation, Inc. and Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, dated as of _____, 2014.

Exhibit B

That certain portion of ground, together with all the rights, ways, servitudes, and privileges, situated in Section 2, T-7-S, R-1-W, City of Eunice, Acadia Parish, Louisiana, containing 5.33 acres of ground, being more particularly described as follows:

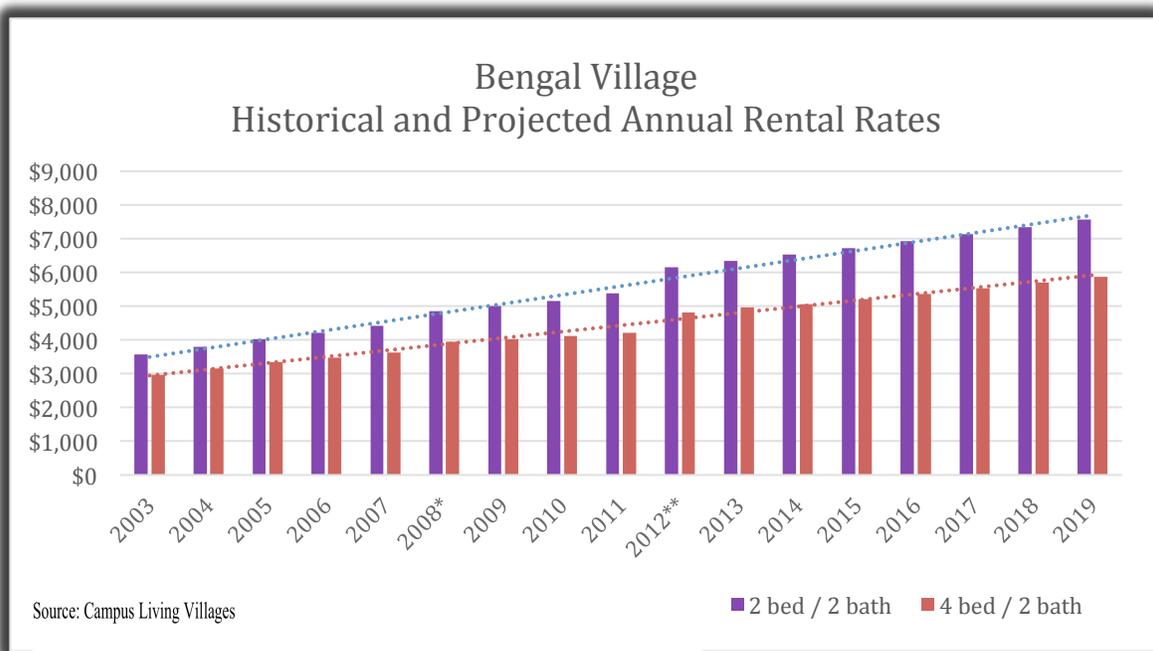
Commencing at the northeast corner of the LSU-E Campus and a point located on the western right-of-way of La. Highway 755, located approximately 135.4' north of the centerline of LSU-E North Campus Drive, thence N 89°28'00" W a distance of 1163.45 feet to a point on the property line between LSU-E Campus and LaFleur and Lalonde Subdivision, thence S 1°01'56" W a distance of 174.13 feet to a point of beginning, thence S 01°01'56" W a distance of 336.67 feet to a point, thence N 89°27'38" W parallel to the centerline of Center Street a distance of 19.00 feet to a point, thence S 01°01'56" W a distance of 12.00 to a point, thence N 89°27'38" W parallel to the centerline of Center Street a distance of 212.80' to a point, thence N 00°32'22" E a distance of 128.90 feet to a point, thence N 89°27'38" W a distance of 400.00 feet to a point, thence S 00°32'22" W a distance of 128.90 feet to a point located 30 feet north of the centerline of Center Street, thence N 89°27'38" W a distance of 190.00 feet to a point, thence N 01°18'07" E, parallel to the centerline of Campus Drive a distance of 310.16 feet to a point, thence 53.55 along an arc with a radius of 34.51 feet said arc being more fully described by its cord of N 45°45'40" E a distance of 48.34 feet to a point, thence S 89°47'12" E parallel to the centerline of North Campus Drive a distance of 786.37 feet to a point being the point of beginning.

Stern Brothers & Co.

INTRODUCTION: Bengal Village has received a commitment from Campus Federal Credit Union for a bank loan whose proceeds will be used to refinance the **Louisiana Local Government Environmental and Community Development Authority Revenue Bonds (Eunice Student Housing Foundation, Inc. – Bengal Village Project), Series 2002 Bonds**. The bank loan will be secured by a student housing revenue pledge, a ground lease and a lien on the improvements. The University will not provide any guarantee or support to the debt.

The Loan Agreement requires that the loan-to-value ratio be at least 80%. Based on an appraisal dated April 14, 2014 by Cook Moore and Associates, the term of the existing ground lease would need to be extended in order to meet that requirement.

BACKGROUND: Bengal Village is the only student housing complex on campus. Since its opening in August of 2002, LSUE's Bengal Village has provided students with convenient housing at an affordable price. This complex contains a total of 56 units, with 1 three-bed unit, 6 two-bed units, and 49 four-bed units for a total of 219 beds. All units have a full kitchen, an eating area, and a common area. Residents also enjoy an outdoor swimming pool, a sheltered pavilion, and a basketball court. It houses both male and female students, including 79 athletes and many students who either lack transportation or live too far from campus to be able to commute on a daily basis. Bengal Village has consistently maintained an occupancy rate of greater than 95% for the past five years even with steady rental rate increases.



*2008: added electricity allowance of \$30/month for 2 bedroom and \$25/month for 4 bedroom.

**2012: academic leases went from 9 months to 10 months.

Annual Rental Rates are on a per bed basis.

Projections assume a 3% growth rate per year.

The material contained herein has been prepared from sources and data we believe to be reliable. However, Stern Brothers makes no guaranty as to its accuracy or completeness. The information is of a certain date and time and is subject to change without notice. This material is for informational purposes only.

SternBrothers&Co.

Despite the strong occupancy and rate flexibility, the project has accumulated operating deficits over the past 12 years. The project manager, Campus Living Villages (“CLV”) has loaned the project funds to cover operating costs and has only received 50% of its management fee since the facility opened. Proceeds from the Campus Federal Loan will include an additional \$360,000 (estimate) to pay-off CLV in full.

The interest rate on the bonds is fixed at 7 3/8%. The bonds are currently callable – providing the Foundation with the unique opportunity to take advantage of the lower interest rate environment. Long-term fixed rates in the unrated tax-exempt municipal market would not generate any interest savings, so the Foundation solicited proposals from a number of local banks.

THE BANK LOAN: Campus Federal Credit Union has made a commitment to lend the project up to \$6.75 million. The Loan Agreement requires that a \$400,000 cash funded reserve be established and maintained to help pay operating expenses during the lighter revenue periods. All of the surplus cash flow will be released to the Foundation as long as there are no covenant violations and the reserve requirement has been met.

Campus Federal has provided four different rates, terms and amortization structures that will enable the Foundation to generate significant cash flow savings. The options and summary results are as follows:

	Option 1	Option 2	Option 3	Option 4
	4.50% with a 5 year balloon/20 year amortization	5.25% with a 7 year balloon/20 year amortization	4.75% with a 5 year balloon/25 year amortization	5.50% with a 7 year balloon/25 year amortization
Current Annual DS	\$606,000	\$606,000	\$606,000	\$606,000
New Annual DS	512,510	545,900	461,860	497,490
Annual Savings	93,490	60,100	144,140	108,510
Balloon Payment	5,604,636	5,158,426	5,970,684	5,691,979
Balloon payment net of \$400,000 Reserve Fund	5,204,636	4,758,426	5,570,684	5,291,979

The Foundation and LSU-E have analyzed the results of the four different options and have determined that “Option 3” would be the most prudent selection as it provides the project with the maximum amount of cash flow savings. During the five-year fixed rate period, a total of \$720,700 of debt service when compared with the current outstanding bonds will be saved. The Loan Agreement allows for surplus revenues to be released to the Foundation. These funds will be held at the Foundation level and can be used to pay down debt at maturity, supplement the monthly mortgage payment, fund operating shortfalls and fund uninsured repairs to the project.

The Campus Living Villages projections below forecast operating results for the fiscal year-end August 31, 2014 and projections for FYE 2015 and FYE 2020. With the reduction of debt service, the project will have a positive cash flow. This will be the first time in the project’s history that it will generate a surplus.

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	2013-2014 Forecast	2014-2015 Forecast	Variance	2019-2020 Forecast
Revenue:				
Rental Revenue	\$1,018,181.00	\$1,037,338.00	\$19,157.00	
Other Revenue	\$75,301.00	\$78,693.00	\$3,392.00	
Expense Recoveries	\$10,293.00	\$10,155.00	\$(138.00)	
Total Revenue	\$1,103,775.00	\$1,126,186.00	\$22,411.00	\$1,305,338.00
Expenses:				
(1) Administrative Salaries	\$131,606.00	\$121,883.00	\$9,723.00	
Maintenance Salaries	\$52,659.00	\$53,597.00	\$(938.00)	
Additional Payroll	\$525.00	\$328.00	\$198.00	
Total Personnel Costs	\$184,790.00	\$175,808.00	\$8,982.00	
Utilities	\$111,050.00	\$114,954.00	\$(3,904.00)	
(2) Maintenance Costs	\$50,310.00	\$67,367.00	\$(17,057.00)	
Contract Services	\$30,520.00	\$31,497.00	\$(977.00)	
Leasing and Promotion	\$12,600.00	\$9,380.00	\$3,220.00	
(3) Professional Fees	\$12,600.00	\$21,110.00	\$(8,510.00)	
Communications	\$10,760.00	\$10,718.00	\$42.00	
Management Information	\$3,020.00	\$3,445.00	\$(425.00)	
Office Equipment Rental	\$3,000.00	\$3,964.00	\$(964.00)	
Management Fees	\$27,876.00	\$57,156.00	\$(29,280.00)	
(4) Other Admin. Expense	\$98,269.00	\$18,760.00	\$79,508.00	
Insurance Expense	\$3,800.00	\$3,800.00	\$0	
Property and Other Taxes	\$0	\$0	\$0	
Ground Lease	\$1	\$1	\$0	
Capital Expenditures	\$0	\$0	\$0	
Total Operating Expenses	\$548,596.00	\$517,959.00	\$30,636.00	\$600,455.00
Net Operating Income	\$555,180.00	\$608,227.00	\$53,047.00	(5) \$705,103.00
Debt Service	\$601,285.00	\$458,196.00	\$143,089.00	
Net Cash Flow (Deficit)	\$(46,106.00)	\$150,031.00	\$196,136.00	

Source: Campus Living Villages

- (1) Administrative Salaries - a decrease will occur in the 2014-2015 year due to the conversion of a full-time position to a part-time position.
- (2) Maintenance Costs - an increase will occur in the 2014-2015 year due to the need to replace floor covering and other building needs.
- (3) Professional Fees - a decrease of \$8,500.00 will appear in 2014-2015 due to a one-time appraisal fee in 2014.
- (4) Other Admin. Expense - a decrease will take place in the 2014-2015 year due to having Campus Living Villages debt paid in full.
- (5) 2019-2020 - Forecast assumes a 3% increase in rental rates and operating expenses per year.

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SternBrothers&Co.

THE BALLOON: Over the next few years, interest rates are predicted to rise. While it is impossible to anticipate exactly where interest rates will be at the time when the balloon payment is due, given the scheduled principal pay off, interest savings, reserve fund deductions, and projected rental rate increases, we expect that the financial situation of the Project will be much healthier than it is today or has been historically..

The property manager projects that room rates should increase an average of 3% per year over the next 5 years and that expenses will increase approximately 3% over the same period. Based on these forecasts, we estimate that on an annual basis, there should be approximately \$705,103 of net income available to pay debt service on the new loan. (See forecast on the previous page.)

In five years, there will be a loan balance, net of the \$400,000 Campus Federal Reserve, equal to \$5,570,684 (Option 3 from the 1st page). At that time, some of the refinancing options available to the Foundation include; an extension of the Campus Federal loan, solicitation of bids from other local banks or the tax-exempt municipal bond market.

We calculated a break-even analysis for the available options. Our goal was to determine what the maximum interest rate that the project could bear given the various refinancing options. We summarized the typical structures and maximum interest rates sustainable below:

	Option 1	Option 2	Option 3
	Tax-Exempt Bond/20 year amortization	Tax-Exempt Bond/30 year amortization	Bank Loan/5 year balloon/20 year amortization
Typical Rate Covenant	1.20	1.20	1.10
Typical Reserve Fund Amount	\$587,436	\$587,352	\$400,000
Maximum Interest rate allowable to meet rate covenant	7.07%	8.59%	8.78%

The surplus revenues released to the Foundation have not been factored into this analysis, as it would be challenging to predict how much would be available at that time. Clearly, some of those funds would be available and if applied towards the reduction of the outstanding debt, the project would be able to sustain even higher interest rates.

Note further, that actual interest rates may be higher or lower than those described in this table, and that the availability of refinancing options is subject to various factors, including but not limited to changes in law and conditions in the capital markets existing at that time.

CONCLUSION: The savings associated with the refinancing of Bengal Village Student Housing Project will enable the project to operate at a profit for the first time in its 12 year history. The project will be subject to refinancing risk at the end of the 5-year term but with the improvement of the income and balance sheet, we would expect that there will be financially viable options available..

Donna LoCascio, Managing Director
Stern Brothers & Co.
631- 692-4984
dlocascio@sternbrothers.com

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**REQUEST FROM LSU HEALTH SCIENCES CENTER SHREVEPORT
TO APPROVE A LEASE AGREEMENT
FOR A REGIONAL MORTUARY SERVICES FACILITY
AND TO MAKE A DETERMINATION OF
ACCEPTABLE UNIVERSITY PURPOSE**

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to Article VII, Section 8, Section 8, D.2(a) of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a "significant board matter".

D.2(a) The assignment, lease, transfer, encumbrance or sale of land, mineral rights, rights-of-way, servitudes, or other immovable property owned or controlled by LSU...

1. Summary of the Matter

The LSU Health Sciences Center-Shreveport (LSUHSCS) requests approval to enter into a Lease Agreement with the Rapides Parish Police Jury (RPPJ) for approximately 510 sf of the Warehouse located at the Huey P Long Medical Center (HPLMC) campus in Pineville. Beginning July 1, 2014, LSUHSCS would will lease the current HPLMC mortuary facility to the RPPJ which would maintain and operate the morgue facility on behalf of the Rapides Parish Coroners Office (RPCO).

The HPLMC morgue provides cadaveric storage support services for the Coroners Offices for Rapides and Grant Parishes. Coroners need access to an appropriate facility to assist with their official investigations and associated duties. The HPLMC facility is already in operation with appropriate equipment for this function.

LSUHSCS also requests that the Board of Supervisors make a Determination of Acceptable University Purpose in accordance with the Lease Agreement for the above mentioned arrangement.

2. Review of Business Plan

LSUHSCS will lease approximately 510 sf of empty space at the warehouse located at 352 Hospital Boulevard, Pineville, Louisiana, for \$3,000 .00 per year for the term of the lease. RPPJ will accept full responsibility for the maintenance and operation of this facility.

3. Fiscal Impact

There will be no impact on the LSUHSCS budget.

4. Description of the Competitive Process followed

Not applicable.

5. Review of Legal Documents

The proposed lease agreement between LSU Board of Supervisors and the Rapides Parish Police Jury has been reviewed and is in order.

6. Parties of Interest:

- LSU Board of Supervisors
- Health Sciences Center Shreveport
- Rapides Parish Police Jury

7. Related Transactions:

LSUHSCS shall not enter into any contract without the written approval of the LSU Representative or his designee.

8. Conflicts of Interest:

None

ATTACHMENTS

- Letter from Dr. Robert A. Barish, Chancellor
- Lease Agreement
- Huey P. Long Property Layout
- Morgue Layout

RECOMMENDATION

It is recommended that the LSU Board of Supervisors adopt the following resolution:

"NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize F. King Alexander, President of the Louisiana State University System, or his designee, to execute a Lease Agreement with the Rapides Parish Police Jury to lease approximately 510 square feet in the warehouse at 352 Hospital Boulevard, Pineville, Louisiana (the "Leased Premises") for the purpose of using the Leased Premises as mortuary storage support space for the Rapides Parish Coroners Office;

BE IT FURTHER RESOLVED that the Board finds an acceptable university purpose for the LSU Health Sciences Center - Shreveport to enter into the Lease Agreement;

BE IT FURTHER RESOLVED that F. King Alexander, President of the LSU System, or his 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 Lease Agreement any and all provisions and stipulations that he deems in the best interest of the Board of Supervisors."



MEMORANDUM

TO: Danny Mahaffey, Director of Facility Planning
LSU System Office

FROM: Robert Barish, MD MBA, Chancellor

Robert A. Barish M.D.

DATE: Friday, June 13, 2014

RE: RECOMMENDATION TO APPROVE A LEASE AGREEMENT WITH LSUHSCS
FOR THE USE OF THE MORTUARY FACILITY AT THE HUEY P LONG MEDICAL CENTER
BY THE RAPIDES PARISH CORONERS OFFICE

Attached for your review is the recommendation of Board Consideration of a lease for mortuary space for the Rapides Parish Coroners Office. The proposed space is located in a facility on the LSU Huey P Long Medical Center campus behind the main hospital.

The project is intended to provide space for the Coroners Office on an ongoing basis in LSU-owned property. The mortuary is currently used by both hospital personnel and area coroners. Responsibility for facility maintenance will transition to the Rapides Parish Police Jury which will be the lessee. The Police Jury enters into contracts on behalf of the Coroners Office. Occupancy will commence after BOS approval of the future lease. The next step in the process is Board consideration.

I respectfully request that this matter be placed on the agenda for the upcoming Board meeting.

Thank you.

Lessor: Board Of Supervisors of LSU
Lessee: Rapides Parish Police Jury
Lease Start Date: July 1, 2014

Page 1 of 3

LEASE AGREEMENT

This contract of Lease is made and entered into this _____ day of June, 2014 and between, **RAPIDES PARISH POLICE JURY** ("Lessee") a municipal governmental body organized under the laws of the State of Louisiana and the **BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AGRICULTURAL AND MECHANICAL COLLEGE** ("Lessor").

Lessor agrees to lease to Lessee approximately 510 square feet of space located at LSU Health Sciences Center - Shreveport Huey P. Long Medical Center, Pineville, Louisiana, for a three year period, with an option to renew for one year. The primary term of this lease shall commence on July 1, 2014 and continue through the expiration date of June 30, 2017.

The leased space is located in the warehouse building (ORM AGENCY 5614; STATE BLDG ID S06493; SITE CODE 6-40-015; LOCATION PINEVILLE, SEC 18, T4N-R1W) and has a separate outside entryway.

The Lessor shall maintain roadway access to the premises and appropriate perimeter fencing for the campus.

The amount to be paid to Lessor by Lessee is \$ 3000.00 per year. Lessee will be responsible for utility costs and any associated construction, maintenance and repair costs.

Lessee shall make monthly payments of \$250.00 per month on the first day of each month. All monthly payments of rent as herein fixed shall be paid by the Lessee to:

**LSU Health Sciences Center-Shreveport
c/o Accounting Department
P.O. Box 33932
Shreveport, Louisiana 71130**

until notified in writing differently by Lessor.

Lessor shall bear no responsibility for actions or conduct or the work performed by Lessee's officers, agents, or employees on the leased premises.

Lessee agrees to protect, defend, indemnify, save, and hold harmless the Lessor, the LSU Board of Supervisors, its officers, agents, servants, employees, and volunteers, from and against any and all claims, damages, expenses, and liability arising out of injury or death to any person or the damage, loss or destruction of any property which may occur, or in any way grow out of, any act or omission of Lessee, its agents, servants, and employees, or any and all costs, expenses and/or attorney fees incurred by Lessor as a result of any claims, demands, suits or causes of action arising from the maintenance or operation of the leased property, except those claims, demands, suits, or causes of action arising out of the negligence of the Lessor, the LSU Board of Supervisors, its officers, agents, servants, employees and volunteers.

Lessee agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, suits, or causes of action at its sole expense and agrees to bear all other costs and expenses related thereto, even if the claims, demands, suits, or causes of action are groundless, false or fraudulent.

Lessor: Board Of Supervisors of LSU
Lessee: Rapides Parish Police Jury
Lease Start Date: July 1, 2014

The Lessee shall secure the Lessor's prior approval for any changes or modifications to the leased premises prior to making any changes or modifications.

It is agreed by both Lessee and Lessor that either party may terminate this lease without cause or prejudice to the other party by giving advanced written notice of termination sixty days prior to termination of lease.

All notices required under this lease shall be in writing and shall be sent by United States Mail and shall be addressed as follows:

LESSOR:

Board of Supervisors of LSU
3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808
Attention: Vice President/CFO

AND:

Director of Purchasing and Materials Management
LSU Health Sciences Center-Shreveport
P.O. Box 33932
Shreveport, LA 71130

INSURANCE

The Lessee shall maintain liability insurance with insurers with an AM Best's rating of no less than A-VI or be self-insured at limits acceptable by the State Office of Risk Management. Such insurance shall name the State as additional insured for claims arising from or as the result of the operations of the leased premises by the Lessee. In the absence of specific regulations, the amount of coverage shall be as follows: Commercial General Liability Insurance, including bodily injury, property damage and contractual liability, with combined single limits of \$1,000, 000.

Insurance Covering Special Hazards: Special hazards as determined by the State shall be covered by rider or riders in the Liability Insurance Policy or policies herein elsewhere required to be furnished by the Lessee, or by separate policies of insurance in the amounts as defined in any Special Conditions of the contract included therewith.

Lessor: Board Of Supervisors of LSU
Lessee: Rapides Parish Police Jury
Lease Start Date: July 1, 2014

WITNESS:

Printed Name: _____

Printed Name: _____

Printed Name: _____

Printed Name: _____

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

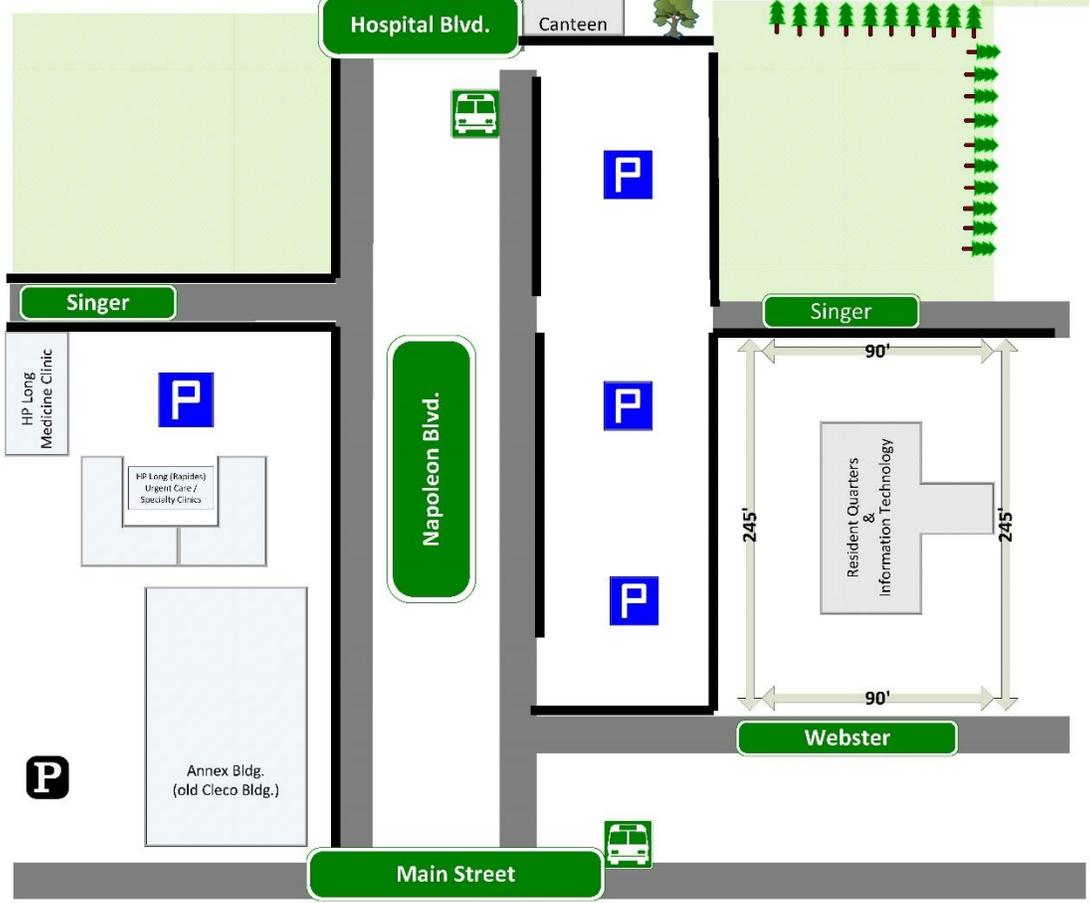
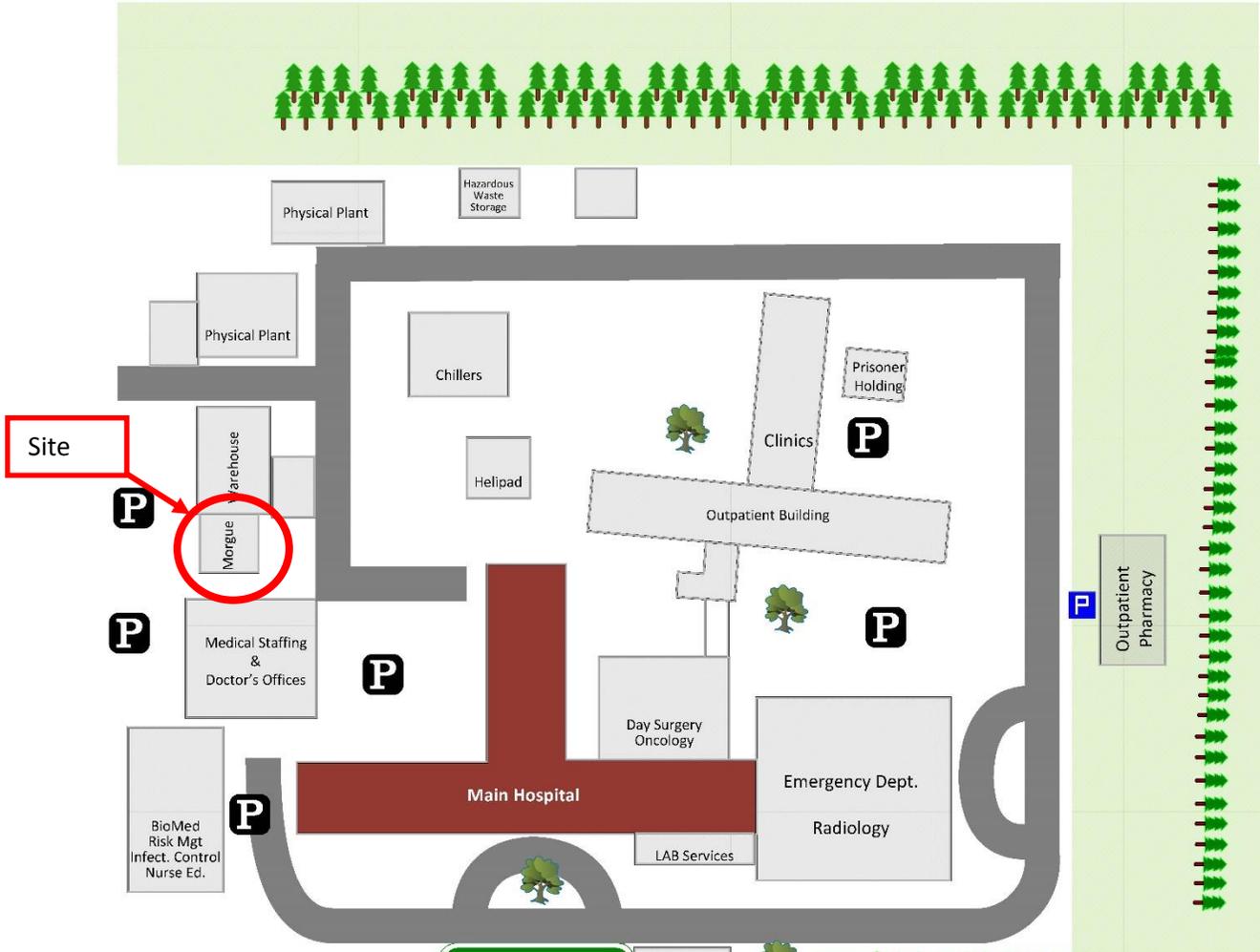
BY: _____
F. King Alexander, President

**LOUISIANA STATE UNIVERSITY HEALTH
SCIENCES CENTER SHREVEPORT**

BY: _____
Robert Barish, MD, MBA Chancellor

LESSEE: RAPIDES PARISH POLICE JURY

BY: _____
Printed Name: _____



IV. ATHLETIC COMMITTEE

Mr. Blake Chatelain, Chairman

1. Request from LSU A&M to approve amendments to the following head coaches contracts:
 - a. Ms. Karen Bahnsen, Head Coach, Women's Golf
 - b. Mr. Charles Winstead, Head Coach, Men's Golf
 - c. Ms. Sara "DD" Breaux, Head Coach, Gymnastics
 - d. Mr. Douglas Shaffer, Co-Head Coach, Men's and Women's Swimming and Diving
 - e. Mr. David Geyer, Co-Head Coach, Men's and Women's Swimming and Diving



Request from LSU A&M to approve amendments to employment contracts with head coaches

To: Members of the Board of Supervisors

Date: June 12, 2014

Pursuant to Article VII, Section 8.E of the Board Bylaws, the following is provided:

1. Significant Board Matter

Board approval of this matter is required pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D.4.c Head coach contracts and amendments

2. Summary of the Matter

This is to approve amendments to the contracts for five head coaches at LSU A&M: Sara “DD” Breaux, Head Coach – Gymnastics; Karen Bahnsen, Head Coach – Women’s Golf; Charles Winstead, Head Coach – Men’s Golf; David Geyer, Co-Head Coach – Swimming & Diving and Douglas Shaffer, Co-Head Coach – Swimming & Diving. The amendments make the changes summarized on the chart below.

All funds for all compensation come from self-generated revenue of the Athletic Department. No state general fund or tuition dollars are used.

Summary of proposed amendments

Coach	Term		Total Compensation			
	Current	Proposed	Current	Proposed	Increase	%
Breaux, Sara “DD”	6/30/16	6/30/17	162,000	175,000	13,000	8%
Bahnsen, Karen	6/30/14	6/30/17	120,000	130,000	10,000	8%
Winstead, Charles	6/30/14	6/30/17	140,000	180,000	40,000	29%
Geyer, David	6/30/14	6/30/16	88,000	90,000	2,000	2%
Shaffer, Douglas	6/30/14	6/30/16	88,000	90,000	2,000	2%

Note: “Total Compensation” includes Base Salary and any *guaranteed* supplemental compensation amounts; it does not include post-season or academic incentives, or supplemental compensation which *may* be received.

3. Fiscal Impact

The Athletic Department currently expects that all funds relating to these contract amendments will be paid from revenues generated by the Athletic Department; while authorized by the contracts, it is not expected that any foundation dollars will be needed

to provide for any of the supplemental compensation. No state general fund or tuition dollars are used.

4. Review of Documents Related to Referenced Matter

The proposed contracts have been reviewed by the Office of General Counsel. Proposed contract amendments are available upon request

5. Certification of campus (or equivalent) re. Art. VII, § 8.E

This certification has been provided.

RECOMMENDATION

Based on the recommendation of the athletic director, it is recommended that the Board authorize the President and Chancellor to sign the proposed contract amendments with the listed coaches.

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College authorizes Dr. F. King Alexander, President and Chancellor, or his designee, to sign contract amendments with Sara "DD" Breaux, Karen Bahnsen, Charles Winstead, David Geyer and Douglas Shaffer, and to include in such amendments such terms and conditions as he, in consultation with the System General Counsel, deems to be in the best interests of LSU.

V. AUDIT COMMITTEE

Mr. Jack E. Lawton, Jr., Chairman

The Audit Committee will meet in Conference Room 6 in the Isidore Cohn Jr. MD Student Learning Center, LSU Health Sciences Center, New Orleans, following the Integrated Committee Meetings and the Board Meeting. The Committee may go into Executive Session in accordance with the provisions of LA. R.S. 42:6.1 A (4)

AGENDA
LSU BOARD OF SUPERVISORS MEETING

1:00 p.m., Friday, June 20, 2014

Mr. Bobby Yarborough, Chairman

1. Call to Order and Roll Call
2. Invocation and Pledge of Allegiance
3. Oath of Office for new board members
4. President's Report
5. Approval of the Minutes of the Board Meeting held on May 9, 2014
6. Personnel Actions Requiring Board Approval
7. Reports from the Council of Staff Advisors and the Council of Faculty Advisors
8. Reports to the Board
 - A. Report on campus bond indebtedness at June 30, 2013 (written report only)
10. Approval of Consent Agenda Items
 - A. Request from Louisiana State University Health Sciences Center in Shreveport for reauthorization of the Center of Excellence for Arthritis and Rheumatology
 - B. Request from LSU A&M for approval to establish two Endowed Chairs:
 - the Edwin K. Hunter Chair in the Traditions of Rhetoric and Argument in Communication Studies in the College of Humanities and Social Sciences
 - the Billy and Ann Harrison Endowed Chair #2 in Geology and Geophysics in the College of Science
 - C. Request from LSU A&M for approval to award two Posthumous Degrees
 - D. Request from LSU A&M for conditional approval to establish the Leadership Development Institute
 - E. Request from LSU Alexandria to name the LSU Alexandria Call Center the "McCann Call Center"

11. Committee Reports

**I. FINANCE, INFRASTRUCTURE, AND CORE
DEVELOPMENT COMMITTEE**

Mr. Ronald R. Anderson, Chairman

II. PROPERTY AND FACILITIES COMMITTEE

Mr. Rolfe McCollister, Jr., Chairman

III. HEALTH CARE AND MEDICAL EDUCATION COMMITTEE

Mr. Raymond J. Lasseigne, Chairman

IV. ATHLETIC COMMITTEE

Mr. Blake Chatelain, Chairman

V. AUDIT COMMITTEE

Mr. Jack E. Lawton, Jr., Chairman

Request to approve internal audit charter amendment
approved by the Audit Committee on May 9, 2014

12. Chairman's Report

13. Consideration of Board of Supervisors policy on presidential evaluation

14. Recommendation to approve a revised 2013-2014 and a revised 2014-2015
Board of Supervisors meeting schedule

15. Adjournment

If you plan to attend any meeting listed on this notice and need assistance because you are disabled, please notify the Office of the LSU Board of Supervisors at (225) 578-2154 at least 7 days in advance of the meeting.

V. AUDIT COMMITTEE

Mr. Jack E. Lawton, Jr., Chairman

Request to approve internal audit charter amendment
approved by the Audit Committee on May 9, 2014



Request to Approve Internal Audit Charter Amendment

To: Members of the Board of Supervisors

Date: June 20, 2014

Pursuant to Article VII, Section 8.E of the Board Bylaws, the following is provided:

1. Significant Board Matter

This matter is a “significant board matter” pursuant to the following provisions of Article VII, section 8 of the Bylaws:

D5(c) Inherent Board Matter

The internal audit charter was first adopted by the Board on April 16, 1993. The charter has been amended a number of times with the last amendment adopted by the Board on October 5, 2007.

2. Summary of the Matter

This amendment to the internal audit charter provides for the adoption of current professional guidance. Specifically, the amendment includes the current definition of “internal auditing” as established by the Institute of Internal Auditors (IIA) and recognizes the mandatory nature of IIA Standards. The amendment further clarifies the Board’s role related to the internal audit function including approval of the audit charter and decisions regarding the appointment and removal of the Chief Auditor. The amendment also further reinforces the required independence and objectivity of the internal audit function, details Internal Audit’s responsibilities, and provides for direct communications with the Audit Committee. A quality assurance and improvement program which serves to evaluate compliance with Standards and to promote continuous improvement is also included as a requirement.

3. Fiscal Impact

The amendment will have no financial impact.

ATTACHMENTS:

1. Proposed amendment to the internal audit charter with additions and deletions to current policy noted
2. Proposed amendment to the internal audit charter (clean copy)

RECOMMENDATION

The Audit Committee approved the amendment at its regularly scheduled meeting on May 9, 2014. It is recommended that the LSU Board of Supervisors adopt the following resolution:

RESOLUTION

“NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College approves the proposed revisions to the internal audit charter as shown on the attachment.”

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LSU SYSTEM
INTERNAL AUDIT CHARTER

INTRODUCTION

The Louisiana State University System Internal Audit function is an independent and objective assurance and consulting activity that is ~~independently managed within the LSU System and~~ guided by a ~~value-driven~~ philosophy of adding value partnering with other units to continuously improve the operations of the LSU System. It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control. ~~Internal auditing is centrally managed by the LSU System Director of Internal Audit (System Director) who serves as the System's "Chief Audit Executive" as defined by the Standards for the Professional Practice of Internal Auditing.~~

ROLE

Management of each of the System's component institutions has the responsibility to ensure that assets are properly safeguarded, internal controls are established and are sufficient to ensure compliance with applicable laws and regulations, and procedures are sufficient to detect errors and fraud in a timely manner. Campus heads are also responsible for providing input into the annual risk assessment and audit plan and for establishing and enforcing a policy to ensure the effective and timely resolution of all audit findings.

Internal Audit is established by the Board of Supervisors (Board). Audit's role is to measure and evaluate the effectiveness of internal controls within the accounting, financial, and operating systems of the LSU System. Internal Audit furnishes impartial, independent analyses, appraisals, recommendations, and pertinent comments on the business activities of the institution. Its responsibilities are defined by the Board as part of their oversight role.

ORGANIZATION

Internal auditing is centrally managed by the Chief Auditor who serves as the System's "Chief Audit Executive" as defined by the International Standards for the Professional Practice of Internal Auditing. ~~The LSU System Director of Internal Audit~~ Chief Auditor reports to the Board of Supervisors (Board) through the Audit Committee and to the President. The Board approves the internal audit charter as well as all decisions regarding the appointment and removal of the Chief Auditor. ~~Campus internal audit directors report to the System Director with concurrent informational disclosure to the campus head, unless directed to the contrary by the System Director and Chair of the Audit Committee. Hiring, promotion, and other related personnel decisions regarding campus audit directors and staff shall be made jointly by the President, Audit Committee Chair, and System Director after appropriate consultation with the affected campus head.~~

The Audit Committee will

- Approve the risk-based internal audit plan
- Approve the internal audit budget and resource plan

- Receive communications from the Chief Auditor on the Internal Audit's performance relative to its plan and other matters and annually evaluate, along with the President, the performance of the Chief Auditor
- Make appropriate inquiries of management and the Chief Auditor to determine whether there is inappropriate scope or resource limitations.

The Chief Auditor will communicate and interact directly with the Audit Committee including, when appropriate, in executive session and between meetings as appropriate.

PROFESSIONALISM STANDARDS

Professionalism and commitment to excellence are facilitated by operating within a framework of professional practice. Internal Audit will govern itself by adherence to The Institute of Internal Auditors' staff will meet or exceed the mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)* promulgated by the Institute of Internal Auditors. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance. In addition, *Government Auditing Standards* promulgated by the Comptroller General of the United States will be followed when required by law, regulation, agreement, contract, or policy. Also, Internal Audit staff members have a responsibility to act in the best interest of those they serve and should refrain from entering into any activity that may create a conflict of interest and should disclose all potential conflicts of interests to the System Director. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should demonstrate qualities to include integrity, objectivity, confidentiality, and competency consistent with the Institute of Internal Auditors Code of Ethics.

AUTHORITY

The LSU System Internal Audit, with strict accountability for confidentiality and safeguarding records and information, office is authorized full, free, and unrestricted access to any and all records, physical properties, and personnel pertinent to carrying out any engagement at all LSU System institutions. All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. Internal Audit will also have free and unrestricted access to the Audit Committee, areas and information sources (i.e. records, property, and personnel, etc.) within the entire LSU System. Campus-based offices are authorized full and unrestricted access to all areas and information sources (i.e. records, property, and personnel, etc.) within their respective institutions. Documents and information given to the Internal Audit staff during an engagement are handled in the same prudent manner as by those employees normally accountable for them. The confidential and privileged character of the documents and information is not affected solely by disclosure to Audit staff.

Acting in the capacity of an Internal Auditor, audit staff should not perform any operational duties for the LSU System or its affiliates, initiate or approve accounting transactions external to Internal Audit, or direct the activities of any LSU System employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

102 **INDEPENDENCE AND OBJECTIVITY**

103 Internal Audit will remain free from interference by any element in the organization,
104 including matters of audit selection, scope, procedures, frequency, timing, or report
105 content to permit maintenance of a necessary independent and objective mental
106 attitude.

107
108 Internal auditors will have no direct operational responsibility or authority over any of the
109 activities audited. Accordingly, they will not implement internal controls, develop
110 procedures, install systems, prepare records, or engage in any other activity that may
111 impair internal auditor's judgment.

112
113 Internal auditors will exhibit the highest level of professional objectivity in gathering,
114 evaluating, and communicating information about the activity or process being
115 examined. Internal auditors will make a balanced assessment of all the relevant
116 circumstances and not be unduly influenced by their own interests or by others in
117 forming judgments.

118
119 The Chief Auditor will confirm to the Audit Committee, at least annually, the
120 organizational independence of the internal audit activity.

121
122 **RESPONSIBILITIES-RESPONSIBILITY**

123 The System Director with the assistance of the campus directors has a responsibility to:
124 The scope of internal auditing encompasses, but is not limited to, the examination and
125 evaluation of the adequacy and effectiveness of the organization's governance, risk
126 management, and internal controls as well as the quality of performance in carrying out
127 assigned responsibilities to achieve the University's stated goals and objectives. This
128 includes:

- 129
- 130 • Evaluating risk exposure relating to achievement of the University's strategic
131 objectives.
- 132 • Evaluating the reliability and integrity of information and the means used to identify,
133 measure, classify, and report such information.
- 134 • Evaluating the systems established to ensure compliance with those policies, plans,
135 procedures, laws, and regulations which could have a significant impact on the
136 organization.
- 137 • Evaluating the means of safeguarding assets and, as appropriate, verifying the
138 existence of such assets.
- 139 • Evaluating the effectiveness and efficiency with which resources are employed.
- 140 • Evaluating operations or programs to ascertain whether results are consistent with
141 established objectives and goals and whether the operations or programs are being
142 carried out as planned.
- 143 • Monitoring and evaluating governance processes.
- 144 • Monitoring and evaluating the effectiveness of risk management processes.
- 145 • Performing consulting and advisory services related to governance, risk
146 management, and control as appropriate for the University.
- 147 • Reporting periodically on Internal Audit's purpose, authority, responsibility, and
148 performance relative to its plan.
- 149 • Reporting significant risk exposures and control issues, including fraud risks,
150 governance issues, and other matters needed or requested by the Audit Committee.

- 151 • Evaluating specific operations at the request of the Audit Committee or management,
152 as appropriate.
- 153 ~~• Develop a flexible annual audit plan using an appropriate risk-based methodology,~~
154 ~~including any risks or control concerns identified by management, and submit that~~
155 ~~plan to the Audit Committee and President for review and approval, as well as~~
156 ~~periodic updates.~~
- 157 ~~• Implement the annual audit plan, as approved, including as appropriate any special~~
158 ~~tasks or projects requested by management and the Board of Supervisors.~~
- 159 ~~• Maintain a professional audit staff with sufficient knowledge, skills, and experience.~~
- 160 ~~• As it relates to Internal Audit issues, evaluate and assess significant~~
161 ~~merging/consolidating functions and new or changing services, processes,~~
162 ~~operations, and control processes coincident with their development,~~
163 ~~implementation, and/or expansion.~~
- 164 ~~• Issue periodic reports to the Board of Supervisors and management summarizing~~
165 ~~results of audit activities.~~
- 166 ~~• Keep the Board of Supervisors and President informed of emerging trends and~~
167 ~~successful practices in internal auditing.~~
- 168 ~~• Investigate allegations of fraud at all System institutions. Perform investigations of~~
169 ~~significant suspected fraudulent activities within the LSU System and notify~~
170 ~~management and the Board of Supervisors of the results.~~
- 171 • Giving due cConsideration to the scope of work of the external auditors and other
172 regulatory agencies, as appropriate, for the purpose of providing optimal audit
173 coverage to the LSU SystemUniversity at a reasonable overall cost.

174
175 **INTERNAL AUDIT PLANNING**

176 At least annually, the Chief Auditor will submit to senior management, for review, and the
177 Audit Committee, for approval, an internal audit plan. The internal audit plan will consist
178 of a work schedule as well as budget and resource requirements for the next fiscal year.
179 The Chief Auditor will communicate the impact of resource limitations and significant
180 interim changes to the President and the Audit Committee.

181
182 The internal audit plan will be developed based on a prioritization of the audit universe
183 using a risk-based methodology, including input of senior management and the Audit
184 Committee. The Chief Auditor will review and adjust the plan as necessary in response
185 to changes in the University's business, risks, operations, programs, systems, and
186 controls. Any significant deviation from the approved internal audit plan will be
187 communicated to the President and the Audit Committee through periodic activity
188 reports.

189
190 ~~A one-year internal audit plan based on a facilitated risk assessment process shall be~~
191 ~~systematically developed annually for the System as a whole. The risk assessment shall~~
192 ~~consider risks within and across all components of the System. Each campus audit~~
193 ~~director is responsible for soliciting input from appropriate members of management at~~
194 ~~their respective campus for this purpose. These data are to be used to develop a risk-~~
195 ~~based audit plan for the campus. Once the System Director concurs with the plan and~~
196 ~~opportunity for review and comment has been afforded the appropriate campus head,~~
197 ~~the System Director will incorporate these plans into a System-wide plan that will be~~
198 ~~submitted for comment to the President and System Executive Officers. The plan and~~
199 ~~any comments will then be submitted to the Audit Committee for review and approval~~
200 ~~and reported to the Board of Supervisors. The objective is to continually assess all high-~~

201 ~~risk areas of the LSU System and to evaluate critical business processes throughout the~~
202 ~~LSU System as resources permit. When special projects are requested by campus~~
203 ~~management, the campus internal audit director shall notify the System Director who will~~
204 ~~consult with the affected campus head in establishing the scope, objectives, and~~
205 ~~methodology to be employed related to the proposed special project.~~

206
207 ~~When demands for services exceed available resources that would significantly impact~~
208 ~~the approved annual work plan, each director will establish project priorities subject to~~
209 ~~the approval of the System Director or, if the changes to the plan are substantial, the~~
210 ~~approval of Audit Committee and President.~~

211 212 **REPORTING AND MONITORING**

213 Internal Audit ensures that the results of audits and other services are properly
214 communicated to the appropriate management or operating personnel in the form of
215 written reports, consultation, advice, or any other means. The Chief Auditor will authorize
216 the issuance of all internal audit reports. Written reports include, or will be followed by,
217 management comments itemizing specific actions taken or planned to resolve the
218 reported finding and to ensure that operational objectives are achieved. Management's
219 response should include a timetable for anticipated completion of action to be taken and
220 an explanation for any recommended corrective action that will not be implemented.
221 Internal Audit will be responsible for appropriate follow-up on engagement findings and
222 recommendations. All significant findings will remain in an open issues file until cleared.
223 ~~The System Director will authorize the issuance of all internal audit reports.~~

224
225 The ~~System Director~~Chief Auditor shall report not less than quarterly to the Audit
226 Committee and President and annually to the entire Board ~~of Supervisors~~ on all internal
227 and external audits activities. Upon presentation to the President and acceptance by the
228 Audit Committee, copies of the quarterly report will be provided to the Board.

229 230 **RELATIONSHIPS WITH EXTERNAL AUDITORS AND CONSULTANTS**

231 ~~Internal Audit works cooperatively with external auditors and consultants to avoid~~
232 ~~duplication of efforts and to ensure optimum audit coverage is obtained.~~

233 **QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

234 Internal Audit will maintain a quality assurance and improvement program that covers all
235 aspects of the internal audit activity. The program will include an evaluation of Internal
236 Audit's conformance with the Definition of Internal Auditing and the Standards and an
237 evaluation of whether internal auditors apply the Code of Ethics. The program also
238 assesses the efficiency and effectiveness of the internal audit activity and identifies
239 opportunities for improvement.

240
241 The Chief Auditor will communicate to the President and the Audit Committee on Internal
242 Audit's quality assurance and improvement program, including results of ongoing
243 internal assessments and external assessments conducted at least every five years.

244 **CONTINUING PROFESSIONAL DEVELOPMENT**

245 ~~Audit work will be conducted by a staff of recognized professional auditors who~~
246 ~~possess a high level of technical knowledge of, or experience in, internal auditing~~
247 ~~techniques. Professional development activities will be planned and carried out~~
248 ~~by both Internal Audit offices and the auditor. In addition to on-the-job guidance,~~

249 ~~each director will provide for training through courses offered by internal and~~
250 ~~external sources, in appropriate circumstances. Also, auditors with professional~~
251 ~~certifications should obtain sufficient continuing professional education to satisfy~~
252 ~~requirements related to the professional certification(s) held. Those auditors not~~
253 ~~presently holding appropriate certifications are encouraged to pursue an~~
254 ~~educational program that supports efforts to obtain professional certification(s).~~

LSU SYSTEM INTERNAL AUDIT CHARTER

INTRODUCTION

The Louisiana State University System Internal Audit function is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the LSU System. It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control.

ROLE

Management of each of the System's component institutions has the responsibility to ensure that assets are properly safeguarded, internal controls are established and are sufficient to ensure compliance with applicable laws and regulations, and procedures are sufficient to detect errors and fraud in a timely manner. Campus heads are also responsible for providing input into the annual risk assessment and audit plan and for establishing and enforcing a policy to ensure the effective and timely resolution of all audit findings.

Internal Audit is established by the Board of Supervisors (Board). Internal Audit furnishes impartial, independent analyses, appraisals, recommendations, and pertinent comments on the business activities of the institution. Its responsibilities are defined by the Board as part of their oversight role.

ORGANIZATION

Internal auditing is centrally managed by the Chief Auditor who serves as the System's "Chief Audit Executive" as defined by the *International Standards for the Professional Practice of Internal Auditing*. The Chief Auditor reports to the Board of Supervisors (Board) through the Audit Committee and to the President. The Board approves the internal audit charter as well as all decisions regarding the appointment and removal of the Chief Auditor.

The Audit Committee will

- Approve the risk-based internal audit plan
- Approve the internal audit budget and resource plan
- Receive communications from the Chief Auditor on the Internal Audit's performance relative to its plan and other matters and annually evaluate, along with the President, the performance of the Chief Auditor
- Make appropriate inquiries of management and the Chief Auditor to determine whether there is inappropriate scope or resource limitations.

The Chief Auditor will communicate and interact directly with the Audit Committee including, when appropriate, in executive session and between meetings as appropriate.

PROFESSIONALISM

Professionalism and commitment to excellence are facilitated by operating within a framework of professional practice. Internal Audit will govern itself by adherence to The

Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance.

AUTHORITY

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all records, physical properties, and personnel pertinent to carrying out any engagement at all LSU System institutions. All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. Internal Audit will also have free and unrestricted access to the Audit Committee.

INDEPENDENCE AND OBJECTIVITY

Internal Audit will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITY

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the University's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.

- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of risk management processes.
- Performing consulting and advisory services related to governance, risk management, and control as appropriate for the University.
- Reporting periodically on Internal Audit's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit Committee.
- Evaluating specific operations at the request of the Audit Committee or management, as appropriate.
- Investigate allegations of fraud at all System institutions.
- Giving due consideration to the scope of work of the external auditors and other regulatory agencies, as appropriate, for the purpose of providing optimal audit coverage to the University at a reasonable overall cost.

INTERNAL AUDIT PLAN

At least annually, the Chief Auditor will submit to senior management, for review, and the Audit Committee, for approval, an internal audit plan. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal year. The Chief Auditor will communicate the impact of resource limitations and significant interim changes to the President and the Audit Committee.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Audit Committee. The Chief Auditor will review and adjust the plan as necessary in response to changes in the University's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the President and the Audit Committee through periodic activity reports.

REPORTING AND MONITORING

Internal Audit ensures that the results of audits and other services are properly communicated to the appropriate management or operating personnel in the form of written reports, consultation, advice, or any other means. The Chief Auditor will authorize the issuance of all internal audit reports. Written reports include, or will be followed by, management comments itemizing specific actions taken or planned to resolve the reported finding and to ensure that operational objectives are achieved. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommended corrective action that will not be implemented. Internal Audit will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Chief Auditor shall report not less than quarterly to the Audit Committee and President and annually to the entire Board on internal and external audit activities. Upon

presentation to the President and acceptance by the Audit Committee, copies of the quarterly report will be provided to the Board.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of Internal Audit's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Chief Auditor will communicate to the President and the Audit Committee on Internal Audit's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Resolution to establish a policy on the performance evaluation of the LSU President

WHEREAS, the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College recognizes the importance of establishing a formal process for evaluating the President of LSU; and

WHEREAS, the evaluation will facilitate clear communication between the President and the Board and ensure advancement of major institutional objectives of the university; and

WHEREAS, the Board embraces a process that includes priorities established by the Board in consultation with the President and a strategic plan adopted by the Board; and

WHEREAS, the Board believes the performance evaluation process should include an informal review at least annually and a five year formal evaluation; and

WHEREAS, the Board performance evaluation process will include input from institution stakeholders such as faculty, staff, students and the community.

NOW THEREFORE, BE IT RESOLVED that the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College does hereby adopt a policy that the President of LSU will be formally evaluated;

BE IT FURTHER RESOLVED the presidential performance evaluation process will commence in 2014 with at least informal annual reviews each year thereafter and a formal performance evaluation within five years of commencement.

PROPOSED REVISED MEETING SCHEDULE

**2013-2014
LSU BOARD OF SUPERVISORS MEETING SCHEDULE**

Friday, October 25, 2013
10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU System Building

Deadline for Submitting Agenda Items:

September 24, 2013

Friday, December 13, 2013
10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU System Building

Deadline for Submitting Agenda Items:

November 13, 2013

Friday, January 31, 2014
10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU System Building

Deadline for Submitting Agenda Items:

January 3, 2014

Friday, March 21, 2014
10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
LSU in Shreveport

Deadline for Submitting Agenda Items:

February 21, 2014

Friday, May 9, 2014
10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU System Building

Deadline for Submitting Agenda Items:

April 9, 2014

Friday, June 20, 2014
10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
LSU Health Sciences Center in New Orleans

Deadline for Submitting Agenda Items:

May 20, 2014

Friday, September 12, 2014
10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU System Building

Deadline for Submitting Agenda Items:

August 12, 2014

PROPOSED REVISED MEETING SCHEDULE

**2014-2015
LSU BOARD OF SUPERVISORS MEETING SCHEDULE**

Friday, October 24, 2014

10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU University Administration Building

Deadline for Submitting Agenda Items:

September 24, 2014

Friday, December 12, 2014

10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU University Administration Building

Deadline for Submitting Agenda Items:

November 12, 2014

Friday, January 30, 2015

10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Shreveport, LSU Health Sciences Center

Deadline for Submitting Agenda Items:

January 5, 2015

Friday, March 20, 2015

10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU University Administration Building

Deadline for Submitting Agenda Items:

February 20, 2015

Friday, May 8, 2015

10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU University Administration Building

Deadline for Submitting Agenda Items:

April 8, 2015

Friday, June 19, 2015

10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Alexandria, LSU Alexandria

Deadline for Submitting Agenda Items:

May 19, 2015

Friday, September 18, 2015

10:00 a.m. Committee Meetings and 1:00 p.m. Board Meeting
Baton Rouge, LSU University Administration Building

Deadline for Submitting Agenda Items:

August 21, 2015
