To: Chancellor Michael Martin  
   Chancellor William Richardson  
   Chancellor Jack Weiss  
   Dr. Steve Heymsfield  

Date: June 30, 2010

From: Eric N. Monday  
   Interim Vice Chancellor  
   Finance and Administrative Services

Subject: Facilities and Administrative Rates Applied to Sponsored Projects

A two year extension has been granted to the Facilities and Administrative (F&A) rate agreement by our cognizant audit agency, the Department of Health and Human Services. The following rates are effective from July 1, 2009 through June 30, 2013.

F&A Rates (1) to be applied to MTDC (2)

<table>
<thead>
<tr>
<th>Non-State Agency</th>
<th>State or Local Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSU, Pennington Biomedical Research Center, and Hebert Law Center</td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>Off campus</td>
</tr>
<tr>
<td>Research</td>
<td>On campus</td>
</tr>
<tr>
<td>Public Service</td>
<td>Off campus</td>
</tr>
<tr>
<td></td>
<td>On campus</td>
</tr>
<tr>
<td>LSU Agricultural Center</td>
<td></td>
</tr>
<tr>
<td>All programs</td>
<td>On campus</td>
</tr>
<tr>
<td></td>
<td>Off campus</td>
</tr>
</tbody>
</table>

(1) Statutory requirements specific to certain federal programs may limit F&A recovery on some awards.

(2) F&A costs are calculated by multiplying the Modified Total Direct Cost (MTDC) by the appropriate F&A rate. MTDC is defined as total direct cost less:
   a. Each subgrant/subcontract in excess of $25,000 (i.e., the first $25,000 is included in the calculation)
   b. Capital equipment expenditures (i.e., items costing $5,000 or more with a useful life of at least one year)
c. Alterations and renovations
d. Rental costs of off-site facilities
e. Scholarships and fellowships, prizes and awards

These F&A rates will be applicable to all proposals for new sponsored projects. Proposals for continuation of incrementally funded awards which maintain the same sponsor grant/contract number shall use the rates approved in the award. Ongoing projects with funds already awarded will also continue at the rates approved in the award.

These rates will be in effect until June 30, 2013. The University will negotiate a new F&A rate based on fiscal year 2011-2012 financial information.

Eric N. Monday  
Interim Vice Chancellor for  
Finance and Administrative Services

Enclosure: Rate Agreement

cc: Interim Vice Chancellor Doris Carver  
    Associate Vice Chancellor Donna K. Torres, CPA  
    Mr. James L. Bates  
    Ms. Patricia Territo, CPA  
    Deans, Directors and Department Heads  
    Mr. Mark Legendre, CPA  
    Dr. Mark Alise  
    Mr. Stephen Parker  
    ASP Members
June 23, 2010

Ms. Donna K. Torres, CPA  
Assoc. Vice Chancellor/Acctg. & Financial Serv  
Louisiana State University and A & M College  
330 Thomas Boyd Hall  
Baton Rouge, LA  70803-2701

Dear Ms. Torres:

A copy of a facilities and administrative cost Rate Agreement is being faxed to you for signature. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for facilities and administrative costs on grants and contracts with the Federal Government.

Please have the agreement signed by an authorized representative of your organization and fax it to me, retaining a copy for your files. Our fax number is (214) 767-3264. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

In addition, we are enclosing the component breakdown of the facilities and administrative cost rate(s) as agreed to by both parties. Please sign this form and fax it with the signed Rate Agreement.

A facilities and administrative cost proposal, together with supporting information, is required each year to substantiate claims made for facilities and administrative costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on actual costs for the fiscal year ending June 30, 2012 is due in our office by December 31, 2012.

Thank you for your cooperation.

Sincerely,

[Signature]

Henry Williams  
Director  
Division of Cost Allocation  
Central States Field Office

Enclosures

PLEASE SIGN AND RETURN THE ORIGINAL OF THE RATE AGREEMENT
COLLEGES AND UNIVERSITIES RATE AGREEMENT

BIN #: 1726000848A1

INSTITUTION:
Louisiana State University and A & M College
330 Thomas Boyd Hall
Baton Rouge LA 70803-2701

DATE: June 24, 2010
FILING REF.: The preceding Agreement was dated May 13, 2010

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES*

<table>
<thead>
<tr>
<th>TYPE</th>
<th>EFFECTIVE PERIOD</th>
<th>RATE(%)</th>
<th>LOCATIONS</th>
<th>APPLICABLE TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRED.</td>
<td>07/01/09 06/30/13</td>
<td>48.0</td>
<td>On Campus</td>
<td>Organ. Research (1)</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/09 06/30/13</td>
<td>26.0</td>
<td>Off Campus</td>
<td>Organ. Research (1)</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/09 06/30/13</td>
<td>42.0</td>
<td>On Campus</td>
<td>Agri Ctr All Progrms</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/09 06/30/13</td>
<td>26.0</td>
<td>Off Campus</td>
<td>Agri Ctr All Progrms</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/09 06/30/13</td>
<td>49.0</td>
<td>On Campus</td>
<td>Instruction</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/09 06/30/13</td>
<td>36.0</td>
<td>On Campus</td>
<td>Other Spon Act</td>
</tr>
<tr>
<td>PROV.</td>
<td>07/01/13 UNTIL AMENDED Use same rates and conditions as those cited for fiscal year ending June 30, 2013.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Includes all Pennington Biomedical Research Center Projects.

*BASE:
Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.
INSTITUTION:
Louisiana State University and A & M College

AGREEMENT DATE: June 24, 2010

SECTION I: FRINGE BENEFITS RATES**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>EFFECTIVE PERIOD</th>
<th>RATE (%)</th>
<th>LOCATIONS</th>
<th>APPLICABLE TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED</td>
<td>07/01/09 06/30/10</td>
<td>34.0</td>
<td>Main Campus</td>
<td>Main Campus Employee</td>
</tr>
<tr>
<td>FIXED</td>
<td>07/01/09 06/30/10</td>
<td>28.0</td>
<td>AG Center</td>
<td>Federal Employees</td>
</tr>
<tr>
<td>FIXED</td>
<td>07/01/09 06/30/10</td>
<td>34.0</td>
<td>AG Center</td>
<td>Non-Fed Employees</td>
</tr>
<tr>
<td>FIXED</td>
<td>07/01/10 06/30/11</td>
<td>33.0</td>
<td>Main Campus</td>
<td>Main Campus Employee</td>
</tr>
<tr>
<td>FIXED</td>
<td>07/01/10 06/30/11</td>
<td>28.0</td>
<td>AG Center</td>
<td>Federal Employees</td>
</tr>
<tr>
<td>FIXED</td>
<td>07/01/10 06/30/11</td>
<td>36.0</td>
<td>AG Center</td>
<td>Non-Fed Employees</td>
</tr>
<tr>
<td>PROV.</td>
<td>07/01/11 UNTIL AMENDED</td>
<td>Use same rates and conditions as those cited for fiscal year ending June 30, 2011.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DESCRIPTION OF FRINGE BENEFITS RATE BASE:
Salaries and wages.
INSTITUTION:
Louisiana State University and A & M College

AGREEMENT DATE: June 24, 2010

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:
The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

TREATMENT OF PAID ABSENCES:
Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

OFF-CAMPUS DEFINITION: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

Equipment Definition -
Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

FRINGE BENEFITS:

Main Campus -
Group Medical & Life Insurance
Medicare Contribution
La. State Retirement System
TIAA-CREF Matching Retirement
Teachers' Retirement System
Unemployment Compensation
Workers' Compensation
Termination Pay
Sabbatical Leave
Optional Retirement Plan
Employee Tuition Exemption Program
Social Security
La. Deferred Comp. 457 Plan
La School Employees Retirement System

Agricultural Centers -
Medical & Life Insurance Group
Medicare Contribution
Unemployment Compensation
Workers' Compensation
Social Security
Termination Pay
Sabbatical Leave
Non-Federal Employees:
La. State Retirement Syst.
TIAA-CREF Matching Ret.
Teachers' Retirement
Optional Retirement Plan
Federal Employees:
Fed. Civil Service Ret.
INSTITUTION:
Louisiana State University and A & M College

AGREEMENT DATE: June 24, 2010

SECTION III: GENERAL

A. CONTRIBUTIONS:
The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions:
1. Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles;
2. The same costs that have been treated as facilities and administrative costs are not claimed as direct costs;
3. Similar types of costs have been accounted consistent accounting treatment; and
4. The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:
This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:
If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to the rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:
The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-11 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:
If any Federal contract, grant or other agreement is reimbursing facilities and administrative costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected program, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to these programs.

BY THE INSTITUTION:
Louisiana State University and A & M College

(SIGNATURE)
Eric Monday
(NAME)
Interim Vice Chancellor for Finance
(TITLE) and Administrative Services
(DATE) June 24, 2010

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

(DIRECTOR)
Henry Williams
(NAME)
DIRECTOR, DIVISION OF COST ALLOCATION-
(TITLE) CENTRAL STATES FIELD OFFICE
(DATE) June 24, 2010
(EXT) 0022

HHS REPRESENTATIVE: Denise Shirlee
Telephone: (214) 767-3313
COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION: Louisiana State University  AG All
FY COVERED BY RATE: 07/01/09 through 06/30/2013
APPLICABLE TO: ORGANIZED RESEARCH

<table>
<thead>
<tr>
<th>RATE COMPONENT</th>
<th>ON CAMPUS</th>
<th>OFF CAMPUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Depreciation</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Equipment Depreciation</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>11.5</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Utility Cost Adjustment</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>26.0</td>
<td>26.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>42.0</strong></td>
<td><strong>26.0</strong></td>
</tr>
</tbody>
</table>

CONCURRENCE:

Louisiana State University
(Institution)

[Signature]

Eric Monday
(Name)

Interim Vice Chancellor for
(Title)

Finance and Administrative Services

June 24, 2010
(Date)
COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION: Louisiana State University - A&M College

FY COVERED BY RATE: 07/01/09 through 06/30/2013

APPLICABLE TO: ORGANIZED RESEARCH

RATE COMPONENT: | ON CAMPUS | OFF CAMPUS |
---|---|---|
Building Depreciation | 2.9 | |
Equipment Depreciation | 2.3 | |
Interest | 0.5 | |
Operation & Maintenance | 14.8 | |
Library | 1.5 | |
Administration | 26.0 | 26.0 |
TOTAL | 48.0 | 26.0 |

CONCURRENCE:

Louisiana State University  
(Signature) [Signature]

Eric Monday  
(Name)  
Interim Vice Chancellor for Finance and Administrative Services

June 24, 2010  
(Date)