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REGULAR BOARD MEETING

August 27, 2009

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MINUTES

REGULAR BOARD MEETING

August 27, 2009

1. Call to Order and Roll Call

Mr. James P. Roy, 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 August 27, 2009, at 4:15 p.m.

The secretary called the roll.

PRESENT

Mr. James P. Roy Chairman	Mr. Blake Chatelain Chairman-Elect
Mr. Ronnie R. Anderson	Mrs. Laura A. Leach
Dr. Jack A. Andonie	Mr. James W. Moore, Jr.
Mr. Anthony G. "Tony" Falterman	Mr. Ben Mount
Dr. John F. George	Mrs. Dorothy "Dottie" Reese
Mr. Francis M. Gowen, Jr.	Mr. Jerry E. Shea, Jr.
Mr. Stanley J. Jacobs	Mr. Scott L. Sternberg
Mr. Alvin E. Kimble	

ABSENT

Mr. Roderick K. West

Also present for the meeting were the following: President John V. Lombardi; Mr. P. Raymond Lamonica, General Counsel, LSU System; system officers and administrators from their respective campuses; faculty representatives; interested citizens and representatives of the news media.

2. Invocation and Pledge of Allegiance

Krystal Kelone gave the invocation. David Tubbs led the Pledge of Allegiance. Both students attend LSU at Alexandria.

Chairman Roy recognized Chancellor David Manuel, LSU-A. He introduced:

Krystal Kelone is a Senior at LSU-A pursuing her Bachelors of Liberal Studies in Communications who established and currently serves as Vice President of LSU-A's Environmental Club, is a member of Lambda Pi Eta, the Communications Honors Society, leads activities for Campus Connections 2009, and serves as a volunteer judge for state debate tournaments. She will graduate in December and pursue her Master's Degree in Communications Studies.

David Tubbs, senior at LSU-A, came to Alexandria after being awarded an honorable discharge from the U.S. Army after serving five and a half years, including two tours in Iraq. Since enrolling at the University, he has written for the school paper, sat on the Student Government Senate, joined a local fraternity, and won the national IPDA debate novice title; upon graduating, he plans to attend LSU Law School.

Dr. Jerry Sanson is a native of Alexandria, an alumnus of LSU, and a Professor of History and Political Science at LSU-A, where he has held two endowed professorships, the Huie-Dellmon Endowed Professorship in Liberal Arts and Sciences and the Frances Holt Freedmen Endowed Professorship in the History and Ethics of Nursing. He is also the Coordinator of the LSU-A Bachelor's Degree Program in General Studies, the recipient of the Bolton Award for Teaching Excellence in 2002, and a published author.

3. Introduction of Faculty and Staff Representatives

The faculty and staff representatives from the respective campuses were acknowledged.

4. Election of the Chairman-elect for 2009-2010

Chairman Roy recognized Mr. Tony Falterman, who placed in nomination, Mr. James Moore, Jr., Chairman-Elect. Mr. Shea moved that the nominations be closed.

The Board voted unanimously upon the election of Mr. James Moore, Jr., Chairman-Elect of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College for the 2009-2010 Academic Year.

5. Oath of Office for the New Board Leadership

Mr. Roy administered the oath of office to Mr. Blake Chatelain, Chairman, and Mr. James Moore, Jr., Chairman-Elect, for the 2009-2010 Academic Year.

Mr. Chatelain thanked Mr. Roy for his "tireless, dedicated service to the University system and praised him for giving '110' percent to Louisiana State University." He said, "No doubt, we have many challenges ahead, but our Board has complete confidence in our President and our Chancellors, and we are certain that by working together we will meet the issues of the day head on. We all take pride in the accomplishments of our athletic teams, when they meet our competition on the field. Let's not rest until we are equally as passionate and committed to winning in all areas of academics."

5A. Resolution honoring Mr. James P. Roy, Sr., for his service as Chairman of the LSU Board of Supervisors

Mr. Shea presented this resolution.

Upon motion of Mrs. Reese, seconded by Mrs. Leach, the Board voted unanimously to approve the following resolution:

Minutes - Regular Board Meeting
August 27, 2009

WHEREAS, Mr. James P. Roy, Sr. was first appointed to the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College on January 1, 2005; and

WHEREAS, Mr. Roy was selected as Chairman-Elect of the LSU Board of Supervisors at its regularly scheduled meeting held on August 17, 2007; and

WHEREAS, Mr. Roy assumed the Chairmanship of the LSU Board of Supervisors on August 28, 2008 and has served in this capacity for the 2008-2009 Academic year; and

WHEREAS, Mr. Roy has been an outstanding educational leader, who has consistently displayed the attributes of dignity, intelligence, enthusiasm, creativity, collegiality, and understanding during his tenure as Chairman; and

WHEREAS, Mr. Roy always maintains his keen sense of humor and humility while dealing with the difficult issues that have challenged the LSU System over the past year; and

WHEREAS, Mr. Roy has been an effective advocate for fiscal responsibility and accountability, an ardent supporter of his alma mater, and an articulate ambassador for the policies and programs of the LSU System; and

WHEREAS, Mr. Roy, through his dedication to the Louisiana State University System, has earned the respect and admiration of his fellow Board Members as well as the administrators, faculty, staff, students, and alumni of the University System during his tenure as Chairman of the Board of Supervisors.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby express its appreciation to Mr. James P. Roy, Sr. for his leadership and contributions to the advancement of the Louisiana State University System.

BE IT FURTHER RESOLVED that a copy of this resolution be presented to Mr. Roy as an expression of gratitude from this Board and that this resolution be entered into the permanent record of the Board of Supervisors.

6. Approval of the Minutes of the Board Meeting held on July 16, 2009

Upon motion of Mr. Shea, seconded by Mr. Roy, the Board voted unanimously to approve the Minutes of the Regular Board Meeting of July 16, 2009.

7. Personnel Actions Requiring Board Approval

Mr. Lamonica, General Counsel, LSU System, advised that Board action is requested for approval of the Personal Actions. The executive staff has reviewed these actions and recommends Board approval.

Upon motion of Mr. Falterman, seconded by Mr. Jacobs, the Board voted unanimously to approve the Personnel actions as presented.

8. President's Report

President Lombardi recognized:

Mr. Scott L. Sternberg, student Board member, Paul M. Hebert Law Center, reported on the activities of the Council of Student Body Presidents; and

Chancellor Jack Weiss, Paul M. Hebert Law Center, welcomed and introduced Mrs. Lynell Cadray, new Vice Chancellor for Enrollment Services, Paul M. Hebert Law Center; and

Chancellor Vince Marsala, LSU-Shreveport, noted that according to *USA Today*, Shreveport is among the ten cities recognized among America's best places to find a job.

9. Report on Activities of the Board of Regents

Dr. Mike Gargano, Vice-President, Student and Academic Support; Mr. John Antolik, Vice-President Administration and Finance, provided these informational reports.

10. Reports to the Board

A. Health Plan Status Report (Written Report Only)

B. 4th Quarter FY 08-09 Audit Summary (Written Report Only)

11. Approval of Consent Agenda Items

Chairman Chatelain 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 of Mr. Shea, seconded by Mr. Mount, the Board voted unanimously to approve the following resolutions:

11A. Request for Approval of a Letter of Intent for a Master of Arts in Teaching (MAT) -Special Education at the University of New Orleans

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the request for a Letter of Intent for a Master of Arts in Teaching (MAT) - Special Education at the University of New Orleans, subject to approval by the Board of Regents.

11B. Request for Approval of a Letter of Intent for a Master of Arts in Teaching (MAT) - Curriculum and Instruction at the University of New Orleans

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the request of a Letter of Intent for a Master of Arts in Teaching (MAT) Degree - Curriculum and Instruction at the University of New Orleans, subject to approval by the Board of Regents.

11C. Request for Re-Authorization of The National Center for Advanced Manufacturing (NCAM) at the University of New Orleans

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 National Center for Advanced Manufacturing (NCAM), subject to approval by the Board of Regents.

BE IT FURTHER RESOLVED that the University of New Orleans will report annually to the System on actual and projected revenues and expenditures and should NCAM's projected outside funding fall below planned expenditures, the University will move promptly to downsize and/or close the Center.

11D. Request to Exempt the Tuition and Non-Resident Fee for Graduate Fellows in Nationally Competitive Fellowship Programs Awarded to Louisiana State University

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize Louisiana State University to exempt the tuition and required fees, including the non-resident fee, for non-resident graduate fellows whose tuition and required fees exceed the \$10,500 annual amount funded by the NSF VIGRE grant program effective August 24, 2009. The maximum financial exposure based on AY 2009-10 graduate tuition and fees for the five year cycle would be \$82,988.

BE IT FURTHER RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College approves the request for exemption to cover any subsequent increases in resident and non-resident tuition and required fees for the duration of the NSF VIGRE grant program.

11E. Request Approval of Exclusive Software Copyright License between Body Evolution Technologies, Inc. and Louisiana State University (as represented by the Pennington Biomedical Research Center)

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College authorizes President John V. Lombardi, or his designee, to execute all documents necessary to perfect a license agreement with Body Evolution Technologies, Inc. granting Body Evolution Technologies, Inc. an exclusive software copyright license to use the subject technology, the license agreement to contain such terms and conditions as the President deems to be in the best interests of the University, in a form approved by the Board's General Counsel. This approval is made contingent upon submission and approval of PM-11 and PM-67 documents.

BE IT FURTHER RESOLVED that the President of the LSU System is authorized by the Board to enter into any related or ancillary agreements, contemporaneously or subsequently, that the President deems to be in the best interests of the University after review by appropriate System staff.

- 11F. Recommendation to approve a Permanent Servitude and Right of Entry with the Orleans Parish Levee District to relocate and rebuild the levee access road at the University of New Orleans

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that John V. Lombardi, President of the LSU System, or his designee, is authorized and empowered for and on behalf of the Board of Supervisors to execute the necessary documents to grant a Permanent Servitude and Right of Entry to the Orleans Parish Levee District and its assignee, U.S. Army Corps of Engineers, to relocate and rebuild the levee access road extending from the University of New Orleans campus, as part of Orleans Levee District's continuing efforts to improve the levee system surrounding the University of New Orleans.

BE IT FURTHER RESOLVED that John V. Lombardi, President of the LSU System, or his designee, be and he is hereby authorized and empowered, for and on behalf of and in the name of the Board of Supervisors, to include in said Permanent Servitude and Right of Entry any and all provisions and stipulations that he deems wise and in the best interest of the Board of Supervisors, to review the drawings and survey for the levee improvements, and to take whatever action, with advice of General Counsel, that may be necessary to consummate this transaction, including but not limited to any and all regulatory approvals.

- 11G. Recommendation to name the Equine Lameness Unit at the Louisiana State University School of Veterinary Medicine the "Pfeiffer-Burt Equine Lameness and Performance Evaluation Unit"

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the naming of the School of Veterinary Medicine Lameness Center the "Pfeiffer-Burt Equine Lameness and Performance Evaluation Unit".

- 11H. Recommendation to name the French Studies Classroom 424 in Hodges Hall on the Louisiana State University campus the "Seola A. and Richard V. Edwards, Jr. French Studies Classroom"

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the naming of the French Studies Classroom 424 in Hodges Hall the "Seola A. and Richard V. Edwards, Jr. French Studies Classroom" in recognition of their leadership and generosity to the College of Arts and Sciences Department of French Studies.

- 11I. Recommendation to name the new high school wing of the University Laboratory School on the Louisiana State University campus the "W.L. Albritton Hall"

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve the naming of the new high school wing at University Laboratory School the "W.L. Albritton Hall" in recognition of the family's leadership and generosity.

12. Committee Reports

12A. Health Care and Medical Education Committee

Dr. Andonie, Chairman, Health and Medical Education Committee, reported that the Committee recommends Board approval of the Resolution and Memorandum of Understanding relating to the LSU Academic Medical Center in New Orleans.

12A1. Status Report on Activities at the LSU Health Sciences Centers and the Health Care Services Division

Dr. Fred Cerise, Vice President for Health Care and Medical Education, Dr. Larry Hollier, Chancellor, LSUHSC-New Orleans; Dr. Barish, Chancellor, LSUHSC-Shreveport; presented these reports. No official Board action is required.

12A2. Consideration of a Memorandum of Understanding relating to the Academic Medical Center in New Orleans

Upon motion of Dr. Andonie, seconded by Mrs. Reese, the Board voted unanimously to approve the following resolution:

Resolution of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College relating to the LSU Academic Medical Center in New Orleans

BE IT RESOLVED that the Board approves, and the President is authorized to execute, a Memorandum of Understanding (MOU) in accordance with the attached Memorandum of Understanding approved by this Board on June 22, 2009, WITH THE FURTHER AMENDMENTS indicated thereon and incorporated herein in its entirety.

BE IT FURTHER RESOLVED that the President is authorized to amend the Memorandum of Understanding further to make any technical or other non-substantive corrections or clarifications he deems to be in the best interests of the University.

BE IT FURTHER RESOLVED that the amended Memorandum of Understanding is approved on the further condition that the cooperative endeavor agreement contemplated by it, at the appropriate time, be approved by this Board pursuant to its Bylaws, including Article VII, Section 8D2f.

BE IT FURTHER RESOLVED that the amended Memorandum of Understanding is approved on the further condition and recognition that it is not applicable to the operation and ownership of, and shall have no effect upon, the Interim LSU Public Hospital.

BE IT FURTHER RESOLVED that the President is authorized, in his discretion, to enter into an interim consultative process or similar agreement with any school having a program at the Interim LSU Public Hospital for a specific and definitive term, in connection with the ownership and operation of the hospital by this Board, consistent with the constitutional and statutory authority and responsibility of this Board, and on such terms and conditions he deems to be in the best interests of the University, after consultation with the Chairman, past-Chairman and Chairman-elect, and notice to the entire Board. This authorization does not restrict routine agreements related to the ordinary course of operation of the Interim LSU Public Hospital.

BE IT FURTHER RESOLVED that this Resolution, and all approvals and authorities contained herein, shall be null and void unless Tulane, which has participated fully in the negotiation of the proposed amended Memorandum of Understanding, formally agrees to it by close of business Friday, August 27, 2009.

* * *

WHEREAS, the state of Louisiana, through its public and private educational institutions and health providers, has long endeavored to create and maintain a system of medical education and training of the highest quality while also providing the highest quality of health care services to all its citizens; and

WHEREAS, the American Association of Medical Colleges now predicts the United States will experience, by the year 2020, a significant physician shortage and recommends a 30% increase in medical school enrollment by 2015; and

WHEREAS, 97% of the parishes in the State of Louisiana are currently designated as Health Professional Shortage Areas, and more than 22% of Louisiana's citizens do not have health insurance; and

WHEREAS, for nearly 70 years, the Charity Hospital in New Orleans was a center of training for thousands of today's practicing physicians and allied health professionals, who practice in regions all over the United States and abroad and who are furthering the cause of improving the human condition; and

WHEREAS, the collective goal of the stakeholders in the Louisiana health care system is to continue enhancing the competitiveness of the state's academic and training programs so Louisiana is positioned to attract the most talented faculty, students, residents and other medical professionals; and

WHEREAS, a highly competitive academic and training environment furthers the additional goal of the stakeholders to leverage the research capabilities of Louisiana's public and private educational institutions and health providers; and

WHEREAS, due to the catastrophic event that occurred August 29, 2005 - Hurricane Katrina - the operations of Charity Hospital were ceased; and

WHEREAS, tens of thousands of patient-physician relationships were disrupted or severed by the Hurricane, thousands of medical professionals were temporarily or permanently displaced, and almost half the inpatient capacity in Region I was lost; and

WHEREAS, the region's remaining hospitals and thousands of dedicated health professionals have continued to battle financial, physical and mental hardship to provide services to the population; and

WHEREAS, the opportunity exists to develop a new Academic Medical Center to replace Charity Hospital as part of a system of health care in Southeast Louisiana which respects the traditions and partnerships of the past while simultaneously creating a model training and service institution based upon the promise of tomorrow's technology and scientific advancement as well as needed operational efficiencies for the future; and

WHEREAS, this Academic Medical Center will play a central role in providing services to the uninsured, and will provide the state of Louisiana with tertiary services difficult to sustain in the typical community hospital setting while also providing a vehicle for partnerships with private organizations seeking to invest and partner in research and training; and

WHEREAS, this Academic Medical Center must have the ability to function in a highly competitive, technology driven and evolving health care market locally and nationally; and

WHEREAS, it is the desire of the State of Louisiana to build this Academic Medical Center without impeding the state's constitutional debt ceiling, thus optimizing the availability of private capital market financing while minimizing financial exposure to Louisiana taxpayers; and

WHEREAS, consistent with the responsibility incumbent upon this Academic Medical Center to comply with debt service provisions likely to be imposed by the lending institutions, the governance and management of the institution must be comparable with the best practices in the industry, be independent, be accountable, and be compliant with state law governing the statutory rights and obligations of LSU to affiliate with an independent non-profit supporting health care institution; and

WHEREAS, the affiliation of a non-profit enterprise in support of LSU for the purpose of furthering its educational mission is not without precedent, is contemplated by law, and it is of critical importance that LSU have an affiliated Academic Medical Center in which to train its medical and allied health students, medical residents and to conduct research in alignment with its academic, educational and research mission; and

WHEREAS, Tulane University has a long and rich tradition of providing medical training for the State of Louisiana, with its origins in medical training dating to 1834, and it is of critical importance that Tulane continue to have access to the new Academic Medical Center to train its medical and allied health students, medical residents and to conduct research in alignment with its academic, educational and research mission; and

WHEREAS, Tulane and LSU will rely greatly upon the Academic Medical Center for training of students and residents, and it is in the interest of both universities that each have considerable input into the oversight and governance of GME programs at the Academic Medical Center; and

WHEREAS, LSU, through its public mission and management of the public hospital system has established the goal of creating an integrated system of health care and medical training throughout the state; and

WHEREAS, a successful relationship between LSU, Tulane, Xavier, Dillard, Delgado and Southern Universities, as well as other universities and training institutions is desired to optimize the training resources available to the state while also building the health care economic enterprise in Louisiana; and

WHEREAS, in accordance with the Stafford Act, 42 U.S.C. § 5121 *et seq.*, funding by the Federal Emergency Management Agency relating to a replacement facility for Charity Hospital is an obligation under law, and the funding amount must be known in advance in order for the project to commence; and

WHEREAS, a collaborative relationship with a Veterans Administration hospital facility located as closely as possible to the new Academic Medical Center will create the optimal staffing and medical/allied health training enterprise with the goal of providing the most dignified and high quality service available to our veterans; and

WHEREAS, the parties recognize that any cooperative endeavor agreement pursuant to the MOU shall be subject to approval of the Joint Legislative Committee on the Budget in accordance with the law; and

WHEREAS, the state of Louisiana, the Board of Supervisors of Louisiana State University Agricultural and Mechanical College ("LSU"), the Administrators of the Tulane Educational Fund ("Tulane"), the Louisiana Department of Health and Hospitals ("LaDHH"), and the Louisiana Division of Administration ("DOA"), collectively referred to as "the parties", desire to memorialize these objectives.

NOW THEREFORE, the parties, each of whom has authority to sign on behalf of their respective agencies or organizations, **AGREE AS FOLLOWS**:

Memorandum of Understanding

Receipt of FEMA Funds and Conditions of Use

The State of Louisiana, Division of Administration, will receive any settlement from FEMA related to the claim made for damages to Charity Hospital. These funds, combined with the state contribution, will be made available to a non-profit corporation ("Corporation") authorized under Title 17, Section 3390 of the *Louisiana Revised Statutes* in accordance with the terms of this Memorandum of Understanding, at the discretion of the Commissioner of Administration after a cooperative endeavor agreement (hereinafter referred to as the "**Agreement**") or other agreements have been executed by the Commissioner of Administration and the Corporation. The Commissioner of Administration shall not execute the Agreement until such time as the Commissioner is satisfied that all conditions of this Memorandum of Understanding have been met. The Commissioner shall consult the parties to this Memorandum of Understanding prior to execution of the Agreement. The Agreement shall also be subject to approval of the Joint Legislative Committee on the Budget in accordance with the law.

New Academic Medical Center for the New Orleans Region

Pursuant to Article 8, Section 7 of the Louisiana *Constitution*, the Board of Supervisors of Louisiana State University A&M College is specifically authorized to supervise and manage the programs of its system, including medical education and related research activities. Title 17, Section 3390 of the *Louisiana Revised Statutes* authorizes non-profit corporations to support public institutions of higher education, including through support of facilities and research and educational programs. It is therefore contemplated that the Corporation (which shall be a corporation affiliated with LSU as defined in Title 17, Section 3390 of the *Louisiana Revised Statutes*), will support the financing, construction and operation of the new Academic Medical Center ("AMC"). It is further contemplated that the state will support the construction of the new Academic Medical Center ("AMC") through the Corporation only if there are appropriate safeguards to protect the public interests and assure the efficient operations of the facility, as more fully set forth herein. The Board of Supervisors of LSU shall own the fixed assets of the AMC, including all

plant and property, and shall enter into an agreement to make these assets reasonably available to the Corporation.

It is the intent of the parties that the AMC be constructed on the property acquired by the State and LSU and pursuant to the procedures required by federal and state law. LSU will enter into a long-term agreement with the Corporation to govern the Corporation's use of said property in connection with the operation of the AMC. The agreement will be of sufficient duration to support the long-term financing of the Corporation/AMC.

As a condition of state funds, including those received from FEMA, being used in support of the AMC, the Agreement shall ensure the Corporation (which shall be a corporation authorized to affiliate with LSU pursuant to Title 17, Section 3390 of the *Louisiana Revised Statutes*) meets the following criteria:

Governance

The parties recognize the financial and clinical success of the AMC will rely upon accountable and effective governance. The board of directors of the Corporation (hereinafter, "Corporation Board") shall consist of eleven (11) members. Four (4) members shall be representatives of LSU appointed by the President after obtaining the advice and consent of the Board of Supervisors. One member shall be the President of Tulane University, or his designee. One member shall be the President of Xavier University, or his designee. One member shall be appointed by the presidents of Delgado, Dillard and Southern Universities to serve two year terms; the order of service shall be determined by lot. Each of these appointed members shall be permanent members serving until replaced by their sponsoring institution or group of institutions.

The remaining four (4) members (hereinafter, "non-permanent members") shall be individuals who are not affiliated in any way with permanent member institutions of the Corporation Board and may also include one individual nationally recognized for leadership in academic medicine or health care management, regardless of his or her state of residence. For purposes of this section, "not affiliated in any way with permanent member institutions of the Corporation Board" shall mean individuals who during the time of Corporation Board service are not, and for the three (3) years preceding Corporation Board service have not been, employed by or serving on the boards of directors, trustees, or supervisors of a permanent member institution or any entity, organization, department or division or affiliate, including any alumni association or foundation that is under the control or direction of a permanent member institution. Membership alone in an alumni association of the permanent member institutions shall not preclude service on the Corporation Board by being considered "affiliated in any way with permanent member institutions."

At all times, the Chair of the Corporation Board will be a designee of the President of the LSU system, who shall be designated from among the four (4) members of the Corporation Board representing LSU. Except as provided herein, and including any powers granted within the bylaws, the Chair shall enjoy all the rights and privileges of the other Corporation Board members. The process for establishing the initial Corporation Board is detailed herein, and upon its appointment, the initial Corporation Board shall set forth the process for successor non-permanent member appointments in the bylaws of the Corporation, and shall specify that the successor non-permanent Corporation Board member appointments be comprised of a proper balance of membership which includes individuals with expertise in finance, medicine, health care management, health care law

or other experience relevant to the planning, development and management of a sophisticated academic medical enterprise.

The bylaws will specify that a nominating committee, which is composed of the permanent members of the Corporation Board, shall be formed for the purpose of recommending successor non-permanent members. The nominating committee shall be chaired by the Chair of the Corporation Board. A majority of the members of the nominating committee shall be required in order for a nomination to be made. The Chair of the Corporation Board may only vote to break a tie. In the event that the nominating committee has not nominated a candidate to fill a vacancy within three (3) months of the creation of the vacancy, the issue shall be referred to the full Corporation Board and a majority vote of the full Corporation Board shall be sufficient to appoint a new director. In the event a nomination by the nominating committee is not approved after being presented to the full Corporation Board and the lapse of three (3) months without a substitute nomination for the position by the nominating committee, any four (4) board members may jointly make a nomination, and a majority vote of the full Corporation Board shall be sufficient to appoint the new director. If two substitute nominations for the position are rejected by the full Corporation Board in accordance with this paragraph, any four (4) board members may jointly make a nomination for the position, and a majority vote of the full Corporation Board shall be sufficient to appoint the new director.

A majority of the members of the Corporation Board will be composed at all times of persons who are not members of the LSU Board of Supervisors or members or employees of LSU or any entity, organization, department or division or affiliate that is under the control or direction of the LSU Board of Supervisors. The bylaws shall also include strict conflict of interest provisions governing permanent and non-permanent Corporation Board members. The terms of non-permanent members shall be staggered such that no more than two members rotate off the Corporation Board in any one year, no one non-permanent member serves more than two terms, and terms should not last more than three (3) years. Non-permanent members shall serve until they are replaced, and the Corporation Board shall exercise diligence in ensuring the appointment process commences timely in order to comply with the intent of the term limits. In the event a non-permanent member cannot serve a full term, the replacement non-permanent member shall serve the remainder of that term, provided that:

- If the vacating member has served less than half his/her term, the replacement non-permanent member shall be eligible to serve for an additional full term upon the expiration of the vacating member's term.
- If the vacating member has served more than half his/her term, the replacement non-permanent member shall be eligible to serve an additional two full terms upon the expiration of the vacating member's term.

Process for Establishment of the Initial Corporation Board

Because it is contemplated that the State and LSU will enter into the Agreement with the Corporation for the purpose, inter alia, of its benefiting from the funds provided by FEMA to the State and additional funds provided by the State for contribution toward land acquisition and construction costs, pursuant to this Memorandum of Understanding, and because the State of Louisiana has a clear interest in ensuring the qualifications and independence of the Corporation Board prior to executing the Cooperative Endeavor Agreement committing any funding, the parties agree that the Commissioner of Administration and the Secretary of the Department of Health and Hospitals will establish

a process for accepting nominations for the initial non-permanent members of the Corporation Board. It is the intent and goal of the parties that the Commissioner of Administration and Secretary of the Department of Health and Hospitals will seek qualified candidates who comprise a proper balance of expertise in finance, medicine, health care management, health care law or other experience relevant to the planning, development and management of a sophisticated and efficient academic medical enterprise. The Commissioner of Administration and the Secretary of the Department of Health and Hospitals will review the nominations for appointment and recommend to the permanent members a slate of initial non-permanent members. The Commissioner and the Secretary shall ensure that the recommended initial non-permanent members represent a proper balance of experience and qualification, are independent and understanding of their obligations to the Corporation. The permanent members of the Corporation Board shall vote on whether to approve the full slate of recommended initial non-permanent members, and such approval shall not be unreasonably withheld. Immediately upon such approval, the recommended members shall be deemed to be elected to the Corporation Board. In the event the recommended slate of initial non-permanent members is not accepted by the permanent members, the Commissioner and the Secretary shall continue to recommend a new slate until one is approved by the permanent members.

Name of AMC

The name of the AMC shall be "University Medical Center" and its branding shall reflect (1) it is a major affiliate of LSU and part of the LSU system, (2) it is a teaching hospital of Tulane University, and (3) other university affiliations approved by a majority of the then seated members of the full Corporation Board. The principal hospital building of the AMC shall be designated the "Rev. Avery C. Alexander Hospital" building. Other buildings may be named for donors at the direction of the Corporation Board in accordance with its building and facilities naming policy.

Public Accountability

The intent of the Agreement is, in part, to ensure proper accountability for the services provided by the Corporation and paid for by the State. As such, the Agreement shall ensure:

- The Division of Administration and the Department of Health and Hospitals shall have access to any and all records held by the Corporation for the purpose of conducting the official responsibilities of the respective agencies.
- The Corporation shall develop and maintain policies and procedures which ensure purchasing practices are consistent with achieving the best pricing and fairness in purchasing through competitive processes.
- The Corporation's financial and other records shall be subject to audit by the LSU System Internal Audit and the Legislative Auditor, in addition to yearly corporate audits.
- The Corporation shall follow quality constructions standards in consultation with the Division of Administration.
- The Corporation shall follow public records laws with respect to receipt and expenditures of state or federal funds.
- The Corporation shall generally take all necessary steps to assure transparency, responsibility and accountability to the public.

Bylaws Requirements

The parties agree that the Agreement will require that the Corporation, as a condition of receiving the initial state support toward construction, will adopt bylaws which, at a minimum:

- State the purpose and corporate mission of the Corporation. The bylaws shall describe, at a minimum, the role the Corporation will play in being a safety net provider for the state's uninsured and the pivotal role the AMC will play as a statewide referral center for patients within the LSU health system in need of higher levels of care, the role the AMC will play in medical and allied health training, and the goal of being recognized nationally as a leader in research, training and excellence in transparent clinical and financial outcomes.
- While the Corporation must support the programs, facilities, research and education of LSU pursuant to La. R.S. 17:3390, and must support the medical training programs of Tulane consistent with this MOU, it is nonetheless required to be an effective, efficient organization acting, at all times, in a responsible manner. The bylaws shall clearly articulate that it is the obligation of each Corporation Board member to act as a fiduciary to the Corporation and to ensure, first and foremost, the financial integrity of the Corporation, and each Corporation Board member shall attest they will, at all times, notwithstanding any other provision to the contrary, adhere to their fiduciary obligation to the Corporation to ensure proper and efficient stewardship of the Corporation and its assets.
- Recognize that the Corporation has, as a principal purpose, the support of programs, facilities and research and educational opportunities pursuant to La. R. S. 17:3390, and the Corporation will, at all times, adhere to the intent of the statute to support the education and research mission of LSU while also recognizing the significance of the education and research mission of Tulane and other affiliated academic institutions.
- Acknowledge that the AMC is a key component of the LSU Health System and as such will participate in mutually beneficial academic, clinical and business operations. Potential mutually beneficial operations may include: LSU's systemwide Information Technology initiatives, supply chain processes to achieve reduced supply cost, clinical disease management programs, adoption of common metrics for reporting of clinical, operational and financial outcomes, coordination with the LSU Health System on establishing requests for either direct or matched state funds, and others. "Mutually beneficial operations" shall include full participation in the continuation of the LSU electronic medical records ("EMR") program; provided, however, that any EMR system utilized by LSU will meet the interoperability standards established by the Office of the National Coordinator for Health Information Technology. Additionally, LSU will provide Tulane with information on a periodic basis regarding specification requirements of its EMR system, and LSU will reasonably respond to questions that it would routinely answer from other referring providers in the ordinary course, so that LSU and Tulane can ensure compatibility and interoperability between the EMR systems; provided, however, that LSU shall not be required to expend other than normal costs of communicating specification requirements (electronically or by hard copy, at its option) in meeting this obligation to provide such information.

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- Include, at a minimum: all substantive issues required by The *Joint Commission*; standards for conduct of Corporation Board members, including non-interference by individual Corporation Board members in the daily operations of the AMC outside prescribed responsibilities outlined in the bylaws; process for appointment and dismissal of Corporation Board members; attendance requirements by Corporation Board members; conflict of interest policies for Corporation Board members, including disclosure and recusal; and process for selection of officers other than the Chair, who shall be designated as provided herein by the President of the LSU System.
- State that any three directors may bring an issue to the full Corporation Board as an action item for the agenda, provided that written notice is provided to all Corporation Board members at least 20 days in advance. The notice shall state that the item has been requested for the agenda and must identify the item.
- Include the creation and membership guidelines of standing committees of the Corporation Board, to include, at a minimum; audit and compliance, finance, quality, risk management, compensation and review, strategic planning and Graduate Medical Education.
- Require the Corporation to maintain and annually update a five-year strategic plan inclusive of a capital plan, finance and financial operations plan, quality plan, staffing and staff development plan, patient, employee and physician satisfaction plan, and a marketing and business plan.
- Include language requiring two-thirds affirmative vote of the members of the Corporation Board prior to making any future changes to the bylaws or corporate articles.
- Provide that the Corporation Board shall be ultimately responsible for the employment of a qualified Chief Executive Officer, who shall be responsible only to the Corporation Board.
- Provide that for GME-related contracts with LSU and Tulane, that neither University shall be treated in a discriminatory manner with regard to the policy administration of the GME programs. Notwithstanding the requirement for a two-thirds affirmative vote of the members of the Corporation Board in order to change the bylaws, any change to the non-discrimination section of the bylaws shall require the consent of the permanent Corporation Board member representing Tulane in the event the proposed bylaw change affects the non-discrimination section related to Tulane, and shall require the consent of a majority of the permanent Corporation Board members representing LSU in the event the proposed bylaw change affects the non-discrimination section related to LSU.
- Provide that the GME Position Allocation provisions of the bylaws may not be changed without the consent of the permanent Corporation Board member representing Tulane and the permanent Corporation Board members representing LSU.

Although it is not a requirement of the Agreement, the Parties will recommend that the Corporation Board consider including in the Corporation bylaws a statement that participating institutions, for example Delgado, Dillard, and Southern universities, will be invited to attend Corporation Board meetings.

Additional GME and Related Requirements

The Corporation shall operate the AMC and shall be the GME successor to the hospital currently operating under provider number 19-0005. The LSU Board of Supervisors and the Corporation shall take all steps necessary to meet all the Medicare requirements for change of ownership, within the time limits set by CMS, related to the transfer of provider number 19-0005, and the resident slots and licenses associated with such provider number, to the Corporation.

In the event there is a change in governmental or private payor policy that affects hospital reimbursement for resident training, the parties will conform this MOU and any implementing agreement to most closely carry out the intent of this provision to ensure that Tulane and LSU are entitled to the Historical Allocation (as defined below) of resident slots and fair reimbursement for resident training.

GME Contracts

The Parties agree that the bylaws of the Corporation shall provide that the Corporation Board and Tulane, and the Corporation Board and LSU, will enter into GME contracts stipulating the rights and responsibilities of each party with regard to affiliated academic training programs in accordance with this section. The agreements must acknowledge the critical role the AMC will play for the GME programs of both universities, and must detail the processes for governance of the GME programs. All policies and procedures within the AMC related to administration of the training programs will apply equally to the students, residents and faculty without regard to the sponsoring institution such that for similar work or support services, an institution's student, resident or faculty member will not be discriminated against by virtue of their affiliation with the sponsoring institution.

The Parties further agree that the Corporation, in administering the GME program and affiliation agreements, shall:

- Ensure, with regard to policies affecting residents and medical students, an equality of educational experience between the students and residents irrespective of the sponsoring institution;
- Ensure, with regard to policies affecting LSU and Tulane residents, faculty and medical students, equality in application of the policies irrespective of the sponsoring institution; and
- Ensure faculty and resident support and pay without discrimination based upon the sponsoring institution being LSU or Tulane (for example, the method of assigning staff supervision reimbursement will be based upon the proportion of residents to faculty, according to specialty; provided that this provision shall not be construed to require duplicative services).

Disputes related to the content of an executed contract related to GME will be resolved by the hospital CEO and the representative of the applicable school of medicine initially. If the hospital CEO and representative of the applicable school are unable to resolve the dispute, the issue will be referred to a committee of the Corporation Board formed for the purpose of resolving such GME-related contractual disputes. The committee membership will consist solely of the Corporation Board members not affiliated with LSU or Tulane. The committee will propose a resolution to the dispute. If this resolution is not accepted by the affected University and the full Corporation Board, nothing herein shall preclude the further available means to enforce an executed contract, and the contract may

provide for binding arbitration or other means of dispute settlement. Since GME issues affecting both Tulane and LSU impact the operation of the AMC and, as a practical matter, extend beyond the AMC, the following will be considered during this informal resolution process related to GME slots or assignments, but will not be binding in any other proceeding:

- Total distribution of LSU and Tulane residents by discipline at the AMC
- Needs and expectations at the AMC and the ability for the residency programs to meet those needs and expectations
- Performance according to contract requirements
- Residents in the AMC slots assigned to other hospitals and their disciplines
- The total CMS-approved GME slots assigned to Tulane and LSU at the-AMC.

GME Position Allocation

The Parties agree that the bylaws will include the following provisions regarding the allocation of GME slots.

It is agreed that the pre-Katrina number of CMS-approved residency slots 573.26. Of this number, 373.26 of the slots are to be utilized at the discretion of LSU and 200 slots are to be used at the discretion of Tulane (the "Historical Allocation"). If fewer than the 573.26 GME positions can be accommodated at the AMC, each institution shall be entitled to use the available positions at the AMC in the same proportion as the Historical Allocation. The excess slots will be divided by the same proportion and may be loaned to other hospitals through annually renewed affiliation agreements, according to CMS regulations and under the oversight of the GME committee.

Reclaiming Slots

In the event there is a greater need for residents at the AMC, the Corporation may reclaim slots that have been loaned to other hospitals through regular and emergency affiliation agreements in accordance with the terms of such agreements; provided, however, that Tulane and LSU will fill the reclaimed slots in proportion to the Historical Allocation. The Corporation, in deciding which hospitals to reclaim slots from, will consult with Tulane and LSU to ensure that the slots are reclaimed in a manner that (a) permits Tulane and LSU to provide residents in the appropriate specialties at the AMC in proportion to the Historical Allocation, and (b) that ensures the proposed resident experience at the AMC will not adversely affect the ACGME accreditation of the residency programs of either Tulane or LSU. The Corporation shall provide Tulane and LSU notice of its intent to reclaim the slots at least 12 months (but not more than 18 months) prior to July 1 of the year in which the Corporation intends to reclaim the slots (the "Academic Year"). The notice shall state the program and purpose for which the reclaimed slots will be used. If either Tulane or LSU declines to provide residents to fill some or all of the reclaimed slots that are proposed by the Corporation, such school's unused slots may be allocated to the other school's residents for use at the AMC without regard to the Historical Allocation; *provided, however*, that such reclaimed slots shall revert back to the school from which they were taken in the subsequent Academic Year if the reclaimed slots were not filled by the school from which they were taken at the time of the initial request due to temporary or emergency circumstances or other reasonable short-term limitations associated with the transition of residents to the AMC; and *provided further*, that any such reclaimed slot must be used for the designated purpose or it shall

revert to the school from which it was taken to be used for that school's residents at the AMC, or if the AMC decides to enter into an affiliation agreement, at another hospital.

New Programs

The Corporation, Tulane, or LSU may initiate a request to the other parties to establish a new residency program or expand a residency program (beyond current ACGME approved resident number) at the AMC. In the event the Corporation establishes a new residency program or expands a residency program at the AMC, the Corporation in agreement with either school, may reallocate resident slots to the new program in a manner which does not change the Historical Allocation. When an expansion is proposed when only one school operates the program to be expanded, the Corporation and the accredited program will design the expansion to allow reasonable opportunities to the school without such a program to participate consistent with the goals and requirements of the program. The Corporation will provide Tulane or LSU with notice of intent to reclaim slots for any new or expanded residency program at the time of the request to the ACGME. The school must necessarily make the request of the ACGME. If either Tulane or LSU declines to provide residents to fill some or all of the slots as requested by the Corporation within 12 months of receipt of ACGME initial program approval or other ACGME required approvals, such school's unused slots in the new program may be allocated to the other school's residents for use in the new program; *provided, however*, that such reclaimed slots shall revert back to the school from which they were taken in the subsequent Academic Year if the reclaimed slots were not filled by the school from which they were taken at the time of the initial request due to temporary or emergency circumstances or other reasonable short-term limitations associated with the start-up of the new program; and *provided further*, that any such reclaimed slot must be used for the designated purpose or it shall revert to the school from which it was taken to be used for that school's residents at the AMC or, if the AMC decides to enter into an affiliation agreement, at another hospital.

This provision is applicable only to new or expanded residency programs at the AMC. In the event the Corporation loans its slots to be used for a new residency program at any other location, neither Tulane nor LSU will be required to participate in the new program nor will the non-participating school be required to allocate any of its slots to the new program.

The Corporation can only share and reclaim ACGME approved and CMS approved slots.

Provision of Services

Neither Tulane nor LSU will be charged for their use of the AMC as a teaching hospital.

Tulane and LSU faculty will have the opportunity to conduct clinical trials at the AMC subject to AMC research policies and procedures, in a manner insofar as practicable consistent with each institution's historic research presence at the pre-Katrina MCLNO facilities.

Financing of the New Academic Medical Center

The new Academic Medical Center shall be financed through a combination of strategies.

The State of Louisiana has committed, through Acts 28 and 203 of the 2007 Regular Session, \$300 million. The Legislature has already provided the authority to utilize these resources, and the executive branch agrees to take all steps necessary to secure this funding. This funding will be released as determined by the Commissioner of Administration pursuant to the Agreement.

The Federal Emergency Management Agency (FEMA) is expected to provide the State of Louisiana with a settlement (or judgment) related to Hurricane Katrina. The funds from the settlement (or judgment) shall be received by the state and released by the Commissioner of Administration as provided herein.

The remaining capital costs shall be financed through revenue bonds issued by the Corporation. These bonds shall not be guaranteed by the state of Louisiana, and shall not require the full faith and credit of the State.

Independent verification of the financial plan for financing purposes will be obtained and must be provided to the Corporation Board for its review and approval before any binding final action on financing. A firm with expertise in health care bond financing will be utilized. The scope and cost of the project may be adjusted accordingly based on the input of the financial analysis to ensure the project can be financed successfully.

Financing the Uninsured and Developing a System of Care

All parties agree the number of uninsured citizens has created a substantial financial strain on the healthcare safety net. The Disproportionate Share funding program has achieved its capacity, even while the costs allowable under the program have continued to grow and are expected to continue growing. The parties agree to work together to achieve more effective means by which federal funding can be optimized with the goal of broadening access to private or public health insurance options for the poor.

It is clear the majority of the uninsured in the region will continue to seek their health care through the Academic Medical Center. The AMC will maintain the mission of being a reliable safety net provider.

THEREFORE, the State of Louisiana, through the Division of Administration and the Department of Health and Hospitals, agrees to continue funding the cost of the services provided by the AMC to the uninsured, subject to funding by the Legislature which they will take reasonable steps to obtain.

The Corporation, through contractual arrangements, may participate in a number of health insurance plans, and shall participate in coordinated care or medical home programs provided through the Medicaid program. The Corporation will also endeavor to create a system of care for the uninsured who seek services where the care is managed through evidence-based disease management initiatives and the outcomes data is maintained and transparent. Notwithstanding anything in this agreement to the contrary, the Corporation must function responsibly as an independent entity, and while it is the intent of the parties that the Corporation participate fully in any state initiative, nothing in this agreement shall restrain the Corporation Board from making a determination as to

the financial feasibility of any such initiative, and the Corporation Board shall have the right and obligation to negotiate reasonable funding for the initiative, if appropriate.

The Corporation shall work cooperatively with community-based organizations and clinics with the goal of ensuring a coordinated system of care for the poor. It is critical the system be metric based, with outcomes and access being measured. The Corporation shall cooperate with LSU, Tulane and other institutions to optimize the resources available to provide a seamless system of care.

The parties agree that the principles governing the formation and operation of the AMC must be tied to, and consistent with, the broader objectives of health care reform and should be part of a comprehensive plan. As long as there remains a substantial segment of the population without health insurance coverage, the regional health care system must evolve to a competitive, yet collaborative, "marketplace" for all private and public health care providers. It is the intent of the parties to optimize insurance coverage for the poor, and the parties support any effort by the state to expand access to coverage. By doing so, the state will reduce its reliance on DSH funding for institutional purposes, and rather will focus its resources on the proper integration of the poor into a competitive, performance-based marketplace driven by choice and quality. It is in the State's interest to foster a competitive marketplace, while also providing the appropriate resources toward the provision of care for the poor.

Operation of the Academic Medical Center

Notwithstanding anything herein to the contrary, in order for the Corporation to meet its fiduciary obligations required under its bond covenants, it will be necessary for the Corporation to be operated in a manner consistent with the best practices of private, non-profit institutions.

The Corporation Board shall hire an experienced Chief Executive Officer, who will report solely to the Corporation Board. The parties agree it is incumbent upon the Corporation Board to ensure the Corporation engages the most visionary and operationally capable leader available. Therefore, the parties agree the Corporation should, as part of its process for identifying such a leader, engage in a procurement process for identifying hospital management firms or persons with documented successful experience in the operation of sophisticated academic and research-oriented health care institutions. "Successful experience" is defined as demonstrable success in financial and clinical outcomes in institutions operating in competitive environments with significant uninsured populations while also maintaining credible research and training programs.

It has been widely acknowledged that the rate of technological advancement in science has achieved such a rate of speed that designing a hospital based on today's knowledge of the marketplace means the AMC could be somewhat obsolete by the time it opens. Therefore, the parties agree it is crucial the future trends in medicine – academic medicine in particular – be evaluated as the facility is designed and built. In the design phase of the project, the parties agree to utilize a small but experienced team of nationally recognized experts and futurists in the developing trends in academic medicine so as to ensure the designers are exposed to the optimum potential for the use of technology and evidence-based medical approaches within the new facility and throughout the delivery system.

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August 27, 2009

All parties agree to support this Memorandum of Understanding, agree to be bound by it, and commit to acting in good faith, with all due diligence, to effect its success and comply with its intent.

THUS DONE in Baton Rouge, Louisiana this _____ day of August, 2009.

Board of Supervisors of Louisiana State University Agricultural
& Mechanical College

By: _____
John V. Lombardi, President
State of Louisiana, Department of Health and Hospitals

By: _____
Alan Levine, Secretary
State of Louisiana, Division of Administration

By: _____
Angele Davis, Commissioner of Administration
Administrators of the Tulane Educational Fund

By: _____
Scott S. Cowen, President

12B. Academic and Student Affairs, Achievement and Distinction Committee

Mrs. Reese, Chair, Academic and Student Affairs, Achievement and Distinction Committee, reported that the Committee received the following reports and recommends Board approval regarding the scholarship proposal at the University of New Orleans.

12B1. Update on the Projected Fall 2009 Campus Enrollment

Dr. Gargano, Vice-President, Student & Academic Support, LSU System, provided this presentation. No official Board action is required.

12B2. Report on Campus Performance Measurements

Dr. Gargano, Vice-President, Student & Academic Support, LSU System, provided this presentation. No official Board action is required.

12B3. Request Approval of the Scholarship and Financial Aid Awarding Proposal at the University of New Orleans

Upon motion of Mrs. Reese, seconded by Mr. Kimble, the Board voted unanimously to approve the following resolution:

WHEREAS, The University of New Orleans has maintained an aggressive scholarship program that has sought to enroll the best and brightest students from across the state and region; and

WHEREAS, The University of New Orleans seeks to implement a coordinated and effective student aid program that focuses its efforts on scholarship and financial aid awarding. In achieving this, the University will ensure its commitment to maximizing its enrollment potential, while at the same time, providing qualified students with assistance in funding their college education. Throughout this process, UNO will focus its efforts on enhancing the environment to facilitate student success; and

WHEREAS, This restructured scholarship package goes farther than any previous university operating practice regarding scholarships and financial aid awarding paradigms. This policy provides guiding principles that will allow University officials the flexibility to provide levels of institutional and federal assistance to students based on academic performance and financial need.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the Louisiana State University Agricultural and Mechanical College approves the pilot program for the enrollment plan and scholarship awarding at The University of New Orleans and the appropriate budget in the maximum amount of \$ 14,519,869. The pilot program would take affect with the 2010-11 academic year with a maximum value of \$ 5,496,474 allocated to the new program in its initial year. Approval of the new enrollment plan and scholarship budget will supersede prior year planning documents. Furthermore, the University of New Orleans recognizes it must abide by all existing and new Board of Supervisor policy, resolution or law pertaining to scholarships and financial aid

12C. Finance, Infrastructure, and Core Development Committee

Mr. Kimble, Chairman, Finance, Infrastructure, and Core Development, reported that the Committee received the following recommendations and recommends Board approval.

12C1. Request to restrict the activities of the Continuing Education program at LSU Alexandria

Upon motion of Mr. Kimble, seconded by Mrs. Reese, the Board voted unanimously to approve the following resolution:

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby approve restricting all course, program, activity and other fees assessed by the Continuing Education Program at LSU Alexandria.

BE IT FURTHER RESOLVED that LSU Alexandria provide an annual report to the Board on the activities of the Continuing Education program.

BE IT FURTHER RESOLVED that this action be effective as of July 1, 2009.

12C2. Consideration of the 2009-10 operating budget

Upon motion of Mr. Kimble, seconded by Mrs. Reese, the Board voted unanimously to approve the following resolution:

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College does hereby approve the operating budget for the year ending June 30, 2010, including the planned budget for the technology fee, said budget providing:

- (a) Final approval and commitment authorization of funds for unrestricted educational and general, medical, and related expenses in the amount of \$2,456,871,451 for the campuses and hospitals shown below.

LSU
LSU Agricultural Center
LSU Alexandria
LSU Eunice
LSU Shreveport
LSU Health Sciences Center, New Orleans
LSU Health Sciences Center, Shreveport including E. A. Conway and
Huey P. Long Hospitals
The Paul M. Hebert Law Center
LSU Pennington Biomedical Research Center
University of New Orleans
The Hospitals and Central Office of the LSU Health Care Services Division
LSU Board of Supervisors and System Administration

- (b) Commitment authorizations for auxiliary enterprises, grants and contracts, and other restricted funds estimated to be \$1,007,773,750.
- (c) Transactions included or referred to in the operating budget that otherwise require Board approval are not approved by mere inclusion in the operating budget.

BE IT FURTHER RESOLVED that each campus and hospital shall prepare a quarterly financial report that is in accordance with a format approved by the President. The initial format of the report will include the following:

1. The transfer of funds from an academic to a non-academic area.
2. The transfer or significant failure to expend funds from any special programs approved by the Board or identified in the budget preparation narrative.
3. The transfer of funds from major budget categories to another when such transfer exceeds twenty percent (20%) of the smaller category.
4. Any significant changes in the budget that should be brought to the attention of the President and Board.
5. An explanation of significant reduction in anticipated revenues.

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

12D. Property and Facilities Committee

Mr. Mount, Chairman, Property and Facilities Committee, reported that the Committee recommends Board approval of the following resolutions:

12D1. Approval of the 2010 Five-Year Capital Outlay Budget Request and First Year Prioritized Categories for the Louisiana State University System

Upon motion of Mr. Mount, seconded by Mr. Jacobs, the Board voted unanimously to approve the following resolution:

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College that the following list of projects to be submitted to the Division of Administration in accordance with Act 14 of the 1980 Session of the Louisiana Legislature and first year prioritized project categories are approved and;

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

BE IT FURTHER RESOLVED that transactions included or referred to in the capital outlay request that otherwise require Board approval are not approved by inclusion in the capital outlay request per Article VII, Section 8, G.1 of the Bylaws.

LOUISIANA STATE UNIVERSITY SYSTEM

**CAPITAL OUTLAY NEEDS
2010-2011 THROUGH 2014-2015**

LOUISIANA STATE UNIVERSITY		
E-1	Main Campus: Sewer Line Replacement	\$4,305,000
E-2	Life Science Annex, Partial Roof Replacement and Waterproofing	\$1,480,000
E-3	Patrick Taylor Hall: Roof Replacement	\$1,750,000
SG-1	Res Life: Laville Honors College, East Wing Renovation (RB)	\$36,150,000
SG-2	Res Life: Residential College One, Phase II (RB)	\$43,468,000
SG-3	Res Life: Annie Boyd Hall, Renovation (RB)	\$15,500,000
SG-4	Res Life: New Residence Hall (RB)	\$63,000,000
SG-5	Parking Facilities (RB)	\$30,195,000 ¹
C-1	Choppin Hall Annex: Chemistry Lab Building (4th & 5th Floor Finish Out)	\$14,825,000 ²
C-2	Renovate Old Engineering Shops for Art Department	\$15,305,000
1	French House Renovation	\$5,827,000

2	Howe-Russell Geoscience (West) Renovation	\$23,500,000
3	Atkinson Hall Renovation	17,365,000
4	College of Engineering, Chemical Engineering Building (SG/GOB)	\$38,000,000
5	Prescott Hall Renovation	\$14,054,000
6	South Campus, Land Acquisition	\$10,000,000
7	Military Science Renovation	\$7,221,000
8	Center for Computing & Technology	\$37,690,000
9	Choppin Hall Renovations	\$39,402,000
10	Allen Hall Renovation	\$15,281,000
11	Veterinary Medicine: Large Equipment Replacement	\$2,625,000
12	Science & Instruction Bldg.	\$39,527,000
13	H.P. Long Renovation	\$21,763,000
14	Energy, Coast & Environment Annex	\$43,874,000
15	Patrick Taylor Hall Renovations	\$17,366,000
16	Math & Lecture Hall	\$42,001,000
17	Library-Remote Storage Facility	\$3,126,000
18	Human Ecology Addition	\$7,098,000
19	Foster Hall Renovation	\$17,830,000
20	Veterinary Medicine-Biomedical Research Facility	\$26,744,000
21	Pleasant Hall Renovation	\$1,353,000
22	Foster Hall Addition-Natural Science	\$1,913,000
23	Veterinary Medicine-Clinical & Instruction Facility	\$2,016,000

¹ Plus \$4,700,000 funded in Act 27 of 2006 for planning and partial construction. Request includes the amount appropriated in Act 20 of 2009 but not funded as of this date.

² Plus \$25,325,000 funded in Act 29 of 2008 for construction, \$10,400,000 funded in Act 511 of 2008 for construction. Request includes \$150,000 appropriated in Act 20 of 2009 for construction but not funded as of this date.

TOTAL: \$661,554,000

LSU AGRICULTURAL CENTER

SG	Infrastructure Upgrades for Nano & Biotechnology Laboratory - H.D. Wilson (FED)	\$990,000
C	Animal & Food Science Facilities Renov. & Modern. - Ph II	\$17,395,000 ¹
1	Animal & Food Science Facilities Renov. & Modern. - Ph III	\$14,760,000
2	Animal & Food Science Facilities Renov. & Modern. - Ph IV	\$6,575,000
3	Animal & Food Science Facilities Renov. & Modern. - Ph V	\$6,663,000
4	Greenhouse Facilities Relocation & Departmental Renov.	\$15,600,000
5	Biological & Agricultural Engineering Building	\$15,340,000
6	Research Support Facilities/Solid Waste Mgmt. Facilities	\$1,760,000
7	Shop & Storage Buildings Replacement	\$1,170,000
8	Distance Learning Center & Regional Office	\$1,482,000
9	Parker Coliseum Renovations	\$26,040,000
10	4H Educational Center	\$22,500,000

¹ Plus \$3,000,000 funded in Act 511 of 2008 for partial construction, \$500,000 funded in Act 29 of 2008 for partial construction. Request includes \$625,000 appropriated in Act 20 of 2009 for partial construction but not funded as of this date.

TOTAL: \$130,275,000

LSU AT ALEXANDRIA

1	Network & Telephone Cabling Infrastructure	\$2,460,000
2	Phase One Campus Parking	\$6,615,000
3	Business and Education Building	\$11,847,630
4	Library Flooring Asbestos Abatement & General Refurbishing	\$901,000
TOTAL:		\$21,823,630

LSU AT EUNICE

1	Science Building Renovations	\$10,805,472
2	Financial Aid Office Renovations	\$284,050
3	Library Renovations	\$3,300,500
4	H & PE Building Renovations	\$3,507,500
5	Physical Plant/Central Receiving Facility	\$2,875,000
6	Child Day Care Center	\$1,057,800
TOTAL:		\$21,830,322

LSU HEALTH SCIENCES CENTER - NEW ORLEANS

SG-1	Parking Garage (600 spaces) (RB)	\$13,700,000
SG-2	Residence Complex (300 units) (RB)	\$41,250,000
1	Dental School Mechanical and Electrical Systems Modernization	\$9,944,160
2	Neurosciences Center	\$91,520,000
3	Medical School Education Building/CSRB2	\$80,080,000
TOTAL:		\$236,494,160

LSU HEALTH SCIENCES CENTER - SHREVEPORT

E	Replacement of Functionally Obsolete Hospital Equipment (Shreveport)	\$11,800,072
E	Replacement of Functionally Obsolete Hospital Equipment (EA Conway)	\$5,548,010
E	Replacement of Functionally Obsolete Hospital Equipment (Huey P. Long)	\$1,594,094
E	Replacement Facility for Huey P. Long Medical Center	\$232,986,000
1	Feist-Weiller Cancer Research Building (GOB/RB)	\$51,300,000 ¹
2	Hospital Diagnostic Support Service Renovation (Shreveport)	\$16,780,760
3	Hospital Acute Care Patient Tower (Shreveport)	\$89,136,200
4	Outpatient Surgery - Imaging Center	\$28,800,000
5	Comprehensive Care Center (E.A. Conway)	\$21,062,000
6	Campus Wayfinding / Directional and Locational Signage (Shreveport)	\$1,080,000
7	Parking Garage (Shreveport)	\$16,800,000
8	Replacement Outpatient Ophthalmology Facility (Shreveport)	\$12,246,700
9	Educational and Conference Center / Research Institute (Shreveport)	\$70,658,000
10	Ambulatory Care Center - Hospital Elevated Pathway / LINC Connector (Shreveport)	\$4,800,000
11	Health Sciences Library Expansion (Shreveport)	\$7,029,750
12	Warehouse Relocation (Shreveport)	\$4,959,450

¹ Plus \$3,700,000 funded in Act 20 of 2007 for planning. Request includes \$25,650,000 in revenue bonds appropriated in Act 20 of 2009 for partial construction but not funded as of this date.

TOTAL: \$576,581,036

LSU IN SHREVEPORT

1	Bronson Hall Renovation	\$14,570,000
2	HPE Renovation and Expansion	\$13,304,000
3	Computer Room Generator - Disaster Recover	\$714,000
4	College of Education, Human Development Building	\$9,390,000
5	Cyber Operations Security Institute Building	\$53,250,000
6	Special Events Center / Emergency Shelter	\$41,109,600
7	Mass Communications, Fine Arts and Performing Arts Building	\$47,100,000
8	Science Laboratory and Red River Watershed Mngmt Institute Building	\$12,520,000

TOTAL: \$191,957,600

PENNINGTON BIOMEDICAL RESEARCH CENTER

1	Genomics & Molecular Biology Building	\$129,250,632
2	Population Science & Administration	\$30,000,000
3	Parking Structure	\$10,000,000

TOTAL: \$169,250,632

12D2. Recommendation to approve plans related to New Orleans BioInnovation Center

Upon motion of Mr. Mount, seconded by Mr. Jacobs, the Board voted unanimously to approve the following resolution:

WHEREAS, the Board entered into the First Amendment to Lease Agreement with the New Orleans BioInnovation Center, Inc. (NOBIC) effective April 11, 2005, authorizing, under certain conditions, the use of certain land owned by LSU for the purposes of constructing a wet lab and business incubator (the Bioinnovation Center) which is being funded primarily by the Louisiana Department of Economic Development (LED); and

WHEREAS, the First Amendment to Lease Agreement requires that before construction of the facility may commence, NOBIC must submit to the Board, and the Board must approve, (a) a proposed capital budget for the construction of the Bioinnovation Center, (b) a business plan for the balance of the term of the lease, and (c) the feasibility of such a project (collectively, the Plans); and

WHEREAS, the Plans submitted do not meet the normal standards which this Board would require for a project for which LSU is primarily responsible; and

WHEREAS, LED is providing the funding for the construction of this facility and its initial operating expenses, and is responsible for monitoring the use of such funding by NOBIC under its Cooperative Endeavor Agreement with NOBIC; and

WHEREAS, LED has expressed in writing that it has no objection to approval by this Board of the Plans; and

WHEREAS, LSU has no contractual, statutory, or other obligations to provide capital or operating funding for NOBIC or to monitor NOBIC's use of the funding provided by LED or other sources.

NOW, THEREFORE, BE IT RESOVLED by the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College approves the Plans submitted by the board of directors of NOBIC in light of the representation from Louisiana Economic Development that it has no objection to such approval.

12D3. Recommendation to approve a Food Services Lease Agreement with Aramark Education Services, LLC for the University of New Orleans

Upon motion of Mr. Mount, seconded by Mr. Jacobs, the Board voted unanimously to approve 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 John V. Lombardi, President of the LSU System, or his designee, to execute a lease agreement with Aramark Educational Services, LLC for the campus dining program at the University of New Orleans.

BE IT FURTHER RESOLVED that John V. Lombardi, 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, 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.

- 12D4. Recommendation for finding acceptable University purpose for donation of immovable property to UNO for the benefit of its coastal and environmental research and education programs

Upon motion of Mr. Mount, seconded by Mr. Jacobs, the Board voted unanimously to approve the following resolution:

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College determines that the proposed donation by the Foundation for Coastal and Habitat Enhancement Studies to the UNO Research and Technology Foundation is for an acceptable university purpose as provided for in section 6.3 of the Uniform Affiliation Agreement; and

BE IT FURTHER RESOLVED that the Board authorizes its President, Dr. John V. Lombardi, to execute any related agreements between LSU and the UNO R&T Foundation for use of such property by UNO, and to include in such agreements such terms and conditions as he deems to be in the best interests of LSU, provided that any such agreements shall limit the use of the facility for educational and research purposes only and shall require that all books and records of the UNO R&T Foundation relating to the use of this facility shall be subject to audit by LSU System Internal Audit and the Louisiana Legislative Auditor.

- 12D5. Recommendation to approve Lease Agreement with the Tiger Athletic Foundation for the Construction of Improvements to the Pete Maravich Assembly Center at Louisiana State University

Upon motion of Mr. Mount, seconded by Mr. Jacobs, the Board voted unanimously to approve 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 John V. Lombardi, President of the Louisiana State University System, to approve a Lease Agreement with Tiger Athletic Foundation for the removal and replacement of retractable bleachers at the Pete Maravich Assembly Center; said lease to contain such terms and conditions as Dr. Lombardi deems to be in the best interest of the Board of Supervisors.

BE IT FURTHER RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize John V. Lombardi, President of the Louisiana State University System, to execute all such approvals, documents and consents and to do all things necessary and proper to implement the purposes and provisions of the lease.

- 12D6. Recommendation to approve financing plan for the Construction of the E.J. Ourso College of Business at Louisiana State University

Upon motion of Mr. Mount, seconded by Mr. Jacobs, the Board voted unanimously to approve the following resolution:

WHEREAS, the State of Louisiana has committed capital outlay funding of \$30 million for the construction of a new complex to house the LSU E.J. Ourso College of Business, conditioned on LSU providing matching funds from fees and self-generated revenues; and

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WHEREAS, as described in the plan, the LSU Foundation has raised or committed to raise in cash and pledges approximately \$21.9 million towards LSU's match; and **(Copy of Plan on file in the Office of the LSU Board of Supervisors)**.

WHEREAS, Chancellor Michael V. Martin has recommended the plan to finance the remaining \$8.1 million from fees and self-generated revenues of LSU, and the President concurs in such recommendation. **(Copy of Plan on file in the Office of the LSU Board of Supervisors)**.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Louisiana State University and Agricultural & Mechanical College that John V. Lombardi, its President, is hereby authorized to approve the financing plan recommended by Chancellor Martin and to execute any agreements or other documents necessary to implement the plan, with all such plans, documents, and agreements to contain any terms and conditions that the President deems to be consistent with System policy and in the best interests of LSU.

BE IT FURTHER RESOLVED that the President shall, upon their execution, provide a copy of such agreements or other documents to the members of the Board.

13. Chairman's Report

Chairman Chatelain announced that the Audit Committee would not meet. He reminded members that the next regularly scheduled Board meeting will be held on Friday, October 9th.

14. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 5:10 p.m.

Carleen N. Smith
Administrative Secretary